Daily Report

Latin America

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FBIS-LAT-94-150 *4 August 1994*

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Uruguay Given '24 Hours' To Endorse Mercosur Accord

PY0308005194 Sao Paulo AGENCIA ESTADO in Portuguese 2220 GMT 2 Aug 94

[Report by Beatriz Abreu]

[Text] Buenos Aires, 2 Aug (AE)—Uruguay's intransigent position could cause the postponement of the Mercosur [Common Market of the South] summit scheduled for 5 August, when the presidents of Argentina, Brazil, Paraguay, and Uruguay are expected to determine the common external tariff to be collected within Mercosur. Uruguay demands that nearly 1,900 products be protected, and insists on maintaining its six duty-free zones. The Uruguayan position has made it impossible for the four foreign ministers to reach an agreement to be signed during the presidential meeting.

Brazilian Foreign Minister Celso Amorim this morning received the green light from President Itamar Franco to negotiate a possible postponement of the 5 August summit, despite the fact that Uruguay has time until tomorrow to change its demands. The Uruguayan Government's inflexible position has caught the Argentine, Brazilian, and Paraguayan diplomats by surprise. Nothing had yet been made known about the Uruguayan decision by late this afternoon. One negotiator said: "A postponement is quite likely."

The Brazilian Government would like to conclude the negotiations now, because otherwise President Franco would be left in an awkward position. If the postponement is confirmed, Franco would like the summit to be held by no later than September because, if it is held in October, it would coincide with the first round of the Brazilian general elections. A Brazilian negotiator said: "It would be hard to think about negotiations in the middle of an electoral campaign."

These political difficulties were raised at the talks among the foreign ministers, but Uruguayan Foreign Minister Sergio Abreu was not moved by them. A diplomat who is participating in the Mercosur talks said: "The ball is in the Uruguayan court. We have given them time until tomorrow."

An experienced negotiator himself, Brazilian Ambassador Marcos Azambuja conveyed his optimism about the summit. He expressed, however, fears about a radicalization of positions. In informal remarks he said last weekend that Brazil believes "it is giving too much in exchange for very little," and that the other member countries are feeling "overwhelmed" by the Brazilian presence. Azambuja felt that a postponement of the summit could cause the Franco government to lose interest in concluding the negotiations.

Brazil and Argentina, which reached an agreement last weekend, thought that Paraguay would be the one to present the strongest objections. Yet the Paraguayans gave their consent during the negotiations held on 1 August. It was then a matter of getting Uruguay to agree. At 0400 this morning Foreign Minister Amorim returned to the Brazilian Embassy, exhausted, without having reached any agreement with the Uruguayans.

Later in the morning Amorim phoned Argentine Foreign Minister Guido Di Tella and Paraguayan Foreign Minister Luis Maria Ramirez Boettner. After a four-hour meeting at the Brazilian Embassy, they decided to give 24 hours to the Uruguayan delegation to either formally endorse the agreement or call for a postponement of the summit.

Paraguayans, Uruguayans Absent From Talks

PY0308181794 Madrid EFE in Spanish 1603 GMT 3 Aug 94

[Excerpts] Buenos Aires, 3 Aug (EFE)—The main Uruguayan and Paraguayan negotiators are absent from the meeting being held by their Argentine and Brazilian counterparts to reach agreement on key Mercosur [Common Market of the South] issues. Today is the third day of Mercosur deliberations in Buenos Aires.

The delegations are negotiating in a tense climate provoked by a controversy regarding the list of products that will be excluded from the regional trade system. The same controversy prevented negotiators from reaching an overall agreement last night, sources close to the negotiations admitted.

The negotiations have the purpose of closing an agreement that will be announced during the Mercosur presidents' summit in Buenos Aires on 5 August. [passage omitted]

The controversy was provoked by an Uruguayan request that tariff preferences granted to the country by Argentina and Brazil through bilateral agreements be respected.

The other Mercosur partners rejected the request because in that case Uruguay would have a list of exceptions much longer than the rest, the sources explained.

Brazilian and Argentine negotiators requested that the list of products involved in those bilateral agreements be included in the list of exceptions, which created new obstacles.

Until that moment there had been agreement on a list of exceptions, including 300 products for Argentina, Brazil, and Uruguay, and a list of 399 products for Paraguay. There was also agreement on the Mercosur common external tariff from the time it fully enters into effect.

Paraguay Gains Tariff Concession

PY0308153994 Asuncion ABC COLOR in Spanish 3 Aug 94 p 16

[Text] Paraguay almost walked out of the Mercosur [Common Market of the South] meeting in Buenos Aires on 1 August. The country proposed to review a part of

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the 8,000 customs positions already agreed upon, something the other delegations firmly refused to do. The firm Paraguayan position resulted in special protections, for our products. There will be a list of 300 products that will be covered with national tariffs, and our manufactured products will be considered domestically made if 50 percent of their components are domestic.

Paraguay and Uruguay, the Mercosur "small partners," threw a bucket of cold water on the agreement bilaterally reached by Argentina and Brazil on the common external tariff. The Paraguayan delegation adopted a firm position in Buenos Aires on the night of 1 August. This position annoyed the other member nations' "political" negotiators." The Paraguayan delegation boldly proposed to renegotiate a part of the nearly 8,000 customs positions already negotiated. The Paraguayan delegation asked for common external tariff exceptions for nearly 1,200 products and was very close to walking out of the meeting because the other delegations refused to consider the proposal.

At around 2100 the meeting had a recess during which the Paraguayan delegation consulted with Asuncion and then returned with the proposal that was finally accepted. The delegation asked to be permitted to keep the exceptions for 300 products that will maintain the protection of a national tariff. The list should be gradually eliminated and the excepted products will come under the common external tariff by the year 2001.

This list of 300 products is longer than the exceptions requested by any of the other partners: Argentina, Brazil, and Uruguay. The issue was not easy for Brazil. "If this is the case (referring to the concessions granted to our country), we must seek some mechanism to prevent the entry of an avalanche of products produced outside the zone and inroduced through Paraguay," a Brazilian spokesman told a Buenos Aires newspaper.

The norms on origin will recognize as domestically made products manufactured with 50 percent domestic components and 50 percent foreign components. This concession also benefits Uruguay. The "big partners" will be subject to another proportion: 60 percent national component and 40 percent foreign components.

The four countries will recognize capital goods as having originated in the Mercosur area when 80 percent of their components are local.

In the case of informatics products—a list of 24 goods that includes, for instance, micro-computers and related items—there will be "a tariff umbrella" of 16 percent. However, this protection will be reached gradually by year 2006.

Franco's Attendance at Mercosur Confirmed

PY0408012194 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 3 Aug 94

[Report by Luiz Augusto Mendoza from Planalto Palace]

[Text] Presidential spokesman Fernando Costa has just confirmed that President Itamar Franco will depart early tomorrow afternoon—to be more precise at 1300—for Argentina. On 5 August the president will attend the sixth Mercosur [Common Market of the South] summit with his counterparts from Uruguay, Paraguay, and Argentina. He is scheduled to return to Brazil on 6 August.

The Mercosur summit was almost postponed as a result of disagreements involving Uruguay, which demanded privileges regarding tariffs affecting products of the Mercosur member countries.

Cavallo: Uruguay, Paraguay 'Could Be Left Out'

PY0308184194 Madrid EFE in Spanish 1130 GMT 3 Aug 94

[Text] Buenos Aires, 3 Aug (EFE)—Argentine Economy Minister Domingo Cavallo admitted early this morning that Uruguay, and even Paraguay, could be left out of the Mercosur [Common Market of the South] and that the market could be integrated only by Brazil and Argentina.

"Mercosur is Argentina and Brazil. If Uruguay and Paraguay so desire, they can join us; if they do not want to, they can stay out," the minister told the Argentine state news agency TELAM.

Cavallo stressed that Argentina and Brazil "represent 95 percent of the production" of the regional block.

Mercosur "will happen with or without Uruguay," the minister said, regarding an Uruguayan request to respect tariff preferences granted by Argentina and Brazil through bilateral agreements, which interrupted the ongoing negotiation in this capital.

The controversy over the list of products that will be excepted form the regional trade system delayed the agreement on key Mercosur economic integration issues.

Cavallo insisted that the Mercosur "is Argentina and Brazil; then we will see if Paraguay and Uruguay can join it."

Cavallo's Remarks Viewed

PY0308233994 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2007 GMT 3 Aug 94

[Text] Montevideo, 3 Aug (AFP-NA)—Argentine Economy Minister Domingo Cavallo's remarks, minimizing Paraguay's and Uruguay's role in forming the Common Market of the South (Mercosur), today prompted a presidential call "to defend Uruguay's sovereignty" and a unanimous repudiation by Uruguayan political leaders.

After hearing the remarks Cavallo made in Buenos Aires, which have jeopardized the Mercosur project, Uruguayan President Luis Alberto Lacalle asked for "support and national unity to defend Uruguayan sovereignty in the regional integration project."

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President Carlos Menem's economy minister said Mercosur is "an idea devised by Argentina and Brazil," which contribute with 95 percent of the subregional production, and downplayed the importance of the trade demands raised by Paraguayans and Uruguayans at the Mercosur negotiations.

In a veiled threat to Paraguay and Uruguay, aimed at getting these two countries to abandon their stances and allow the implementation of an imperfect [imperfecta] customs union among the four nations, Cavallo noted: "If they want to, Uruguay and Paraguay may join Mercosur; if they do not want to, they need not."

Cavallo's remarks prompted a political storm in Uruguay where Foreign Minister Sergio Abreu and Economy Minister Ignacio de Posadas urgently met to review Cavallo's remarks and recalled their representatives at the Mercosur negotiations in Buenos Aires.

Abreu said President Lacalle told them "to keep silent" during the discussions to establish the Mercosur's Common External Tariff and the lists of products that will be exempted from tariffs for five years.

Abreu noted, however, that Cavallo's remarks are "very serious and dangerous," but refused to make any further comments.

Foreign Ministry sources contacted by AFP said "this is the most serious and delicate situation involving Mercosur" since the treaty, establishing the subregional integration process, was signed in 1991.

While reserve and discretion prevailed in government circles, congressional circles expressed strong criticism for Cavallo's remarks.

Deputy Luis Pozzolo, former Uruguayan President Julio Maria Sanguinetti's spokesman, pointed out: "These remarks are typical of an arrogant person." Pozzolo asked Congress to draw up a note of repudiation against Menem's minister.

During an informal chat at the Congress lobby, deputies and senators pointed out that "this is not the first time Cavallo has shot off his mouth." They also viewed other controversial remarks by the minister who has placed the government of President Menem in an awkward position on many occasions.

As an anecdote, the legislators remembered Cavallo caused a scandal in Argentina when he admitted before journalists that his family "was unable to live on less than $10,000 per month" while an Argentine worker's average wage totaled $600 per month.

Deputy Leon Lev, a member of the opposition Broad Front party, said: "Obviously they [not further specified] want to transfer the difficulties encountered by the Argentine economy over the so-called 'Cavallo Program,' which apparently is becoming exhausted and requires protectionist measures to save it, to lesser developed countries."

Menem Attempts To Defuse Controversy

PY0408024894 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0006 GMT 4 Aug 94

[Text] Buenos Aires, 3 Aug (NA)—President Carlos Menem emphasized today that "there will be no Mercosur" [Common Market of the South] if any one of the member countries decides not to become a partner. With this remark Menem tried to defuse the controversy created in Uruguay and Paraguay with the remarks by Economy Minister Domingo Cavallo, which were interpreted as a downgrading of the role of those two nations within the common market.

"I do not know where that came from. They misunderstood some remarks made by Cavallo," the chief of state said, after an afternoon of expressions of discontent from officials of the two countries.

Menem maintained that the negotiations for integration are "on the right course," because if the "tariffs are worked out we will be able to establish a common customs zone within a very short period of time."

He also expressed his optimism in that Mercosur had been born with the idea of uniting four countries, while today there is also the chance that Chile and Bolivia will join.

"Mercosur is not Mercosur if one of these countries does not become a member," said Menem, during a news conference that he gave at Government House.

He admitted that there is a Uruguayan request regarding duty-free zones, but he made it clear that it is a Brazilian-Uruguayan problem, and he believed that "it will be resolved."

Regarding the 5 August presidential summit, Menem said that the prospects for it are "excellent."

Argentine Foreign Ministry Official Views Talks

PY0308234994 Buenos Aires CLARIN in Spanish 2 Aug 94 p 24

[Interview with Jorge Campbell, Foreign Ministry under secretary for commercial integration, by CLARIN reporter Eleonora Gosman at the Bank of the Nation building on 1 August]

[Text] [CLARIN] What agreements have the Mercosur [Common Market of the South] ministers worked out?

[Campbell] I can make no comment on any agreements because they are part of an overall negotiation and may ultimately change.

This was what Jorge Campbell, the under secretary for commercial integration at the Foreign Ministry, told CLARIN at the Bank of the Nation building at 2100 local time on 1 August when officials from the four Mercosur member countries were taking a brief break as they knew the negotiations would continue until the

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small hours. There was, however, a political decision: "Differences must be overcome before the presidential summit begins on 5 August."

The Mercosur partners finally came to an agreement at 2300. The following is what they agreed:

-
- The common external tariff for capital goods will stand at 14 percent. The four member countries will have a further six years (until 2001) to agree on the level of protection (against imports from third countries).
- For computer software and hardware—which involves a list of 24 items including microcomputers and related products—there will be a tariff umbrella of 16 percent to be attained gradually by the year 2006. This decision seems to point toward a weakening by Argentina, which had previously proposed a 4-percent tariff ceiling for informatics.
- Paraguay will have special benefits. There will be a list of 300 products on which domestic tariffs will be temporarily levied until they converge on a common external tariff by the year 2001. Regulations on these 300 products will accept products manufactured using 50 percent of domestic components and 50 percent of imported components. This benefit will also apply to Uruguay while the leading partners will have to abide by another ratio—60 percent domestic components and 40 percent imported components.
- Concerning capital goods, only those which contain 80 percent of domestic components will be certified as being of Mercosur origin.
- Uruguay managed to obtain what it wanted from the negotiations. The Uruguayan Government's concern revolved around duty-free zones. Agreement was also reached in this area—it will be possible to market all goods manufactured in those zones, but they will have to pay the common external tariff (as if they were imported from third countries). The free zones of Tierra del Fuego and Manaus will retain their present status.

Argentina and Brazil reached agreement over the weekend, but they strongly suspected that negotiations with their minor partners—Paraguay and Uruguay—would be difficult. Yesterday time slipped through the negotiators' fingers. One expert commented on the afternoon of 1 August that "the main problem arises from Paraguay's stance. They want to review a substantial part of what has already been agreed upon concerning the common external tariff."

Experts did not hide their annoyance with their colleagues, who were adamant in demanding that a list of 1,150 products be exempt from the common external tariff (these were products for which the level of protection had already been settled). The situation was untenable because it would entail the end of "the customs union."

At 2200 local time, Paraguay came back with a proposal that was eventually accepted. It asked for a list of exemptions from the common external tariff which was considerably longer than that of its other partners. This issue posed some problems for Brazil, which retorted that "if that is the case, we must seek some mechanism to prevent a deluge of third-country products entering Mercosur via Paraguay."

[CLARIN] Does this hardening in Paraguay's attitude mean it may want to withdraw from the Mercosur?

[Campbell] I do not think so. They always tighten the rope to breaking point to see how many advantages they can obtain from their partners.

Argentines would also derive benefits from this negotiation. Some products which will be affected by Brazilian imports when Mercosur comes into force, will receive special treatment. These products, from the iron and steel industry, the paper industry, and some from the agro-industry will be regulated for a certain time in the trade among members by the national tariff.

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Cuba

Port-au-Prince Reportedly Preparing for Intervention

FL0308122594 Havana Radio Rebelde Network in Spanish 2300 GMT 2 Aug 94

[Report by correspondent Roberto Gili; from the "Exclusive" program]

[Excerpt] The latest reports out of Haiti indicate that people in Port-au-Prince are preparing for military intervention, which analysts and political leaders believe to be imminent. Concern prevails among citizens and political analysts, even though the streets of Port-au-Prince are apparently calm and more police forces have not been observed. Port-au-Prince was practically empty on 1 August, following the de facto government and the coup leaders' state of siege announcement. [passage omitted]

Official: Haitian Refugees' Treatment 'Acceptable'

FL0308132394 Havana Radio Rebelde Network in Spanish 1155 GMT 3 Aug 94

[Interview with Abelardo Acosta, in Maisi, Baracoa Province, by correspondent Carlos Zanabria Marrero, in Santiago de Cuba; from the "Doing Radio" program—live]

[Text] [Marrero] I am at the Radio Rebelde studios in Santiago de Cuba. I have a direct line to Maisi to find out how the Haitians who are sheltered there are doing. Comrade Abelardo Acosta, a Cuban Communist Party municipal committee official in Maisi, is on the line. Good morning, Abelardo. How many Haitians have arrived and how are they doing?

[Acosta] We have 392 refugees: 309 males, 61 females, and 22 children. They arrive at different areas: Moa, Baracoa, several right here in Maisi, and others through the southern coast of San Antonio, and so on. They arrive on very flimsy vessels and in large numbers, risking their lives in subhuman conditions. They are processed at the regional reception centers and then transferred to Maisi.

[Marrero] What do they have to say when they arrive in Maisi?

[Acosta] In general, they say they do not wish to live in Haiti any longer. They leave for other places, hoping for a better life. As a result of enemy propaganda, which fosters their emigration dreams, they prefer Guantanamo Naval Base.

[Marrero] I understand many of them arrive sick. What can you tell us about the care they are receiving?

[Acosta] Cuban medics treat them immediately. This is all sponsored by the UN High Commissioner for Refugees and the International Red Cross. They receive good, differentiated treatment. Everything is going well. The refugees are cooperative. Top regional officials visit them frequently. We speak with them through a translator. We listen to their concerns. All in all, we give them quite acceptable treatment. In terms of medical treatment, they are treated right away. Some of them arrive sick.

Division General Discusses Haitians, Guantanamo Defenses

FL0308155694 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 3 Aug 94

[From the "NTV" newscast]

[Text] Division General Ulises Rosales del Toro, Cuban Communist Party [PCC] Politburo member and Revolutionary Armed Forces [FAR] first vice minister, has commented on the elevated political and moral state of the people living next to the U.S. naval base at Guantanamo. Rosales del Toro, who is also head of the general staff, said that the Revolution is solid and its defense is guaranteed in Guantanamo:

[Begin Rosales recording] We have given a great deal of thought to the people's nutrition and to the work that is being done in that area. We have also been concerned with sugarcane production in this valley. Great efforts are being made to repair flood damage, to improve services, and to meet provincial goals. [end recording]

The Haitian crisis has profound effects on Guantanamo Province, due to the presence of refugees in Punta de Maisi and on the U.S. base itself. General Rosales del Toro reiterated that Cuba rejects blockade and intervention as means to restore democracy in Haiti.

Rosales del Toro and Rider Diaz Leiva, provincial defense council president, visited the defense zones of Caimanera and Paraguay, as well as a fish breeding center, during Rosales' tour of areas bordering the U.S. naval base at Guantanamo. Rosales del Toro commented on FAR troops' readiness in Guantanamo Province:

[Begin Rosales recording] We are confident of our people's ability and combat-readiness, led by our regular troops and, in this case, by the border patrol units, Guantanamo's armed forces, in general, and the Eastern Army. [end recording]

Haitian Armed Forces Said Poorly Equipped, Trained

FL0308201794 Havana Radio Progreso Network in Spanish 1700 GMT 3 Aug 94

[Report by Santiago de Cuba correspondent Carlos Sanabria Marrero; from the "National Radio News"]

[Text] The Dominican magazine RUMBO reported on 25 July that the Haitian Army's 7,000 members are poorly equipped and trained and that half of them are stationed in Port-au-Prince, where the Pentagon would

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focus its attack. Furthermore, the Haitian Army only has one heavy artillery unit with 250 men and 15 light attack and mortar vehicles. The other Haitian armed services are far less impressive: The Air Force consists of two unarmed training aircraft that are rarely flown; the Navy consists of four patrol boats, only two of which are at sea on a normal day.

Therefore, quickly capturing those governing Haiti today may prove more difficult than facing any armed Haitian resistance. The greatest challenge will be to maintain order following the attack. Haiti is a difficult problem, not just a difficult military problem. Nonintervention is the position of the whole region, with very few exceptions, because with this action the United States will only increase tension in the region. I ask myself: Has much thought been given to what will happen after the invasion? Has any thought been given to what will happen in the Dominican Republic when tens of thousands of Haitians emigrate to that country as a consequence of the invasion, and in the midst of the shaky situation in that country after the recent elections? We must prevent the use of military force for the benefit of the suffering Haitian people and the region, in general.

Havana Quotes LE MONDE Commentary on Haitian Invasion

FL0208202794 Havana Radio Rebelde Network in Spanish 1700 GMT 2 Aug 94

[From the "National Radio News"]

[Text] The influential French morning newspaper LE MONDE has stated that the United States' eventual intervention in Haiti represents a negative precedent in U.S. policy. The newspaper's front-page editorial says that Bill Clinton's administration is adapting the Monroe Doctrine to the current international situation, and asks: Following Haiti, why not Cuba?

The newspaper LE MONDE said that following the first occupation of the largest Antillean island in 1898, up to the invasion of Panama in 1989, the United States had intervened in Latin America and the Caribbean 12 times, without ever requesting anyone's prior permission.

LE MONDE said the United Nations risks criticism with this behavior, which articulates a new form of colonialism by reestablishing the great powers' zones of influence.

President Balaguer Accuses U.S. of 'Interference'

PA0408025794 Havana PRENSA LATINA in Spanish 0030 GMT 4 Aug 94

[Text] Santo Domingo, 3 Aug (PL)—Dominican President Joaquin Balaguer accused the United States today of interference, because it described as irregular the election won by the octogenarian president for the seventh time.

Balaguer, upon receiving the Central Electoral Board (JCE) election certificate attesting his victory, said his confirmation constitutes an act of "patriotism sated with sovereignty."

Donna Hrinak, U.S. ambassador to the Dominican Republic, said this afternoon the JCE's decision had been "disappointing and outrageous" and said it will be disappointing for democracy in Latin America if Balaguer is reproclaimed president of the Republic.

Jacinto Peynado, who shared the election ticket with Balaguer for the position of vice president, expressed regret over the U.S. position, because, he said, "this issue is a Dominican problem."

The Dominican reformist government also shouted interference in describing the adverse reactions to Balaguer's reelection, as voiced by international guests invited to observe the 16 May elections when they said there had been irregularities.

The JCE emphasizes Balaguer had won by one a 1-percent margin (a little more than 22,000 votes) over his main rival, Jose Francisco Pena Gomez, leader of the Dominican Revolutionary Party (PRD).

Pena and the opposition charged that there had been a "massive fraud" and that the elections should be annulled in order to call new elections in the coming months.

Interference in Smaller Nations' Affairs Rejected

FL0208202994 Havana Tele Rebelde and Cuba Vision Networks in Spanish 1700 GMT 31 Jul 94

[Commentary by Eduardo Dimas; from the "Sunday Supplement" program]

[Text] I have been asked why I believe that setting international relations precedents is dangerous to the Third World. While it may not settle matters, I believe that the bottom line is that the most powerful nations want to change the principles which have historically characterized international relations for their own benefit.

With the disappearance of the socialist bloc and the emergence of a unipolar world, the international community is now witnessing attempts to change the principles which have characterized international relations, namely territorial sovereignty and noninterference in states' internal affairs.

Limited sovereignty, the right to interfere in other states' internal affairs, and preventive diplomacy were all introduced to the United Nations following the Gulf war, which many consider the first case of international gendarmerie of the current period. It is implied that this international organization, particularly its Security Council, has a right to intervene [words indistinct] to prevent conflict between two nations or inside one

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country. This is the basic content of UN Secretary General Butrus Butrus-Ghali's so-called agenda for peace.

As early as December 1992, U.S. troops [words indistinct] with the alleged intention of restoring the hopes of the Somali people, who were the victims of a civil war and starvation. Bosnia-Herzegovina also needed help at that time, with the conflict there involving no small amount of violence and no small number of human rights violations and threatening hundreds of thousands of people with death due to starvation and cold. However, Somalia was chosen because the great powers could not reach an agreement on Bosnia-Herzegovina. They would have to withdraw later, given the people's resistance. We hardly hear anything about Somalia today. U.S. control of the media makes it possible for a nation to disappear from the political picture, by the grace of the [words indistinct] interests. Nevertheless, a precedent was set: So-called humanitarian intervention is now used to justify the French presence in Rwanda, although, to be honest, they do not have the characteristic or structure of the troops in Somalia.

Nevertheless, the crux of the matter lies in the fact that two powerful nations intervened to settle the internal affairs of two underdeveloped, weak, and impoverished countries with less than positive results for the respective nations. Two precedents for humanitarian intervention have been set, and now there are plans to establish another precedent in Haiti. I would say that it is more dangerous than the previous precedents because it represents interference in the internal political affairs of a country under the pretext of reinstating democracy.

The United States is the main culprit behind democracy's failure in Haiti, given its systematic support to the series of dictators who have ruled that Caribbean country. It is more dangerous than the humanitarian interventions because this directly affects the state's political structure and power, which benefits no one. This may explain the Security Council members' reticence in approving the intervention that the United States requests.

Approving an invasion of Haiti will leave the door open to powerful nations to intervene anywhere there is a government that bothers them or that they do not like.

This is the danger of setting international relations precedents.

Foreign Minister Reiterates Condition for U.S. Contacts

FL0308173094 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 3 Aug 94

[From the "NTV" newscast]

[Text] Cuban Foreign Minister Roberto Robaina has met members of the sixth contingent of the Canadian Volunteer Work Brigade at the Foreign Ministry. This contingent will carry out agricultural tasks until 21 August, in coordination with the Cuban Institute of Friendship with Peoples. The discussion covered current issues, including Cuban-U.S. relations. Robaina was very clear on this subject:

[Begin Robaina recording] Cuba does not beg or ask to talk with the United States. Cuba will talk with the United States when it is ready to sit down at one table. It cannot be a matter of one chair for the speaker and one for the listener: It is a matter of both of us speaking and listening. No country, regardless of its power—especially the United States—has the right to ignore us. [end recording]

Robaina discussed Cuba's international ties since the Revolution's victory:

[Begin Robaina recording] Approximately 30 years ago, I could count the number of countries that had relations with Cuba on one hand. Approximately 30 years later, I can count the number of countries that do not have relations with Cuba on the same hand. [end recording]

On Cuban-Canadian relations, Robaina pointed out that the northern country has been firm in its ties with the island. He also stated that as soon as he completes his work agenda at the United Nations, he will honor an invitation by the Canadian Government.

Professor Meets Iraqi President, Ministers

FL0208223294 Havana Radio Reloj Network in Spanish 1934 GMT 2 Aug 94

[Text] Cuban Professor Dr. Rodrigo Alvarez Cambras has met Iraqi President Saddam Husayn during his official visit to Baghdad. Dr. Alvarez, a Cuban scientist, met Iraq's health, labor, and social affairs ministers and the Iraqi parliament president on ways to strengthen bilateral ties. Dr. Alvarez invited the Iraqi officials to participate in the International Solidarity with Cuba event in Havana City in November 1994. Dr. Alvarez also held work meetings with a presidential adviser and with the parliament's Arab relations secretary.

Bolivian-Cuban Chamber of Commerce Creation Scheduled

FL0308221594 Havana Radio Reloj Network in Spanish 1948 GMT 3 Aug 94

[Text] Cuban Ambassador in Bolivia Carmen Helena Herrera has advised that on 4 August in La Paz, the Bolivian-Cuban Chamber of Commerce is to be created. The Chamber's prime objective is to strengthen trade relations between the two nations. Herrera added that the Chamber will comprise Bolivian businessmen interested in establishing trade relations with Cuba. Herrera stated that the Chamber will open paths to intensified trade and investments between Bolivia and Cuba.

Herrera pointed out that some of the trade possibilities that exist are, for example: that Cuba could acquire meat

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from the tropical region of Veni in northern Bolivia, as well as other agricultural products, through purchase or exchange. On the other hand, Cuba could offer Bolivia pharmaceutical products, technological and informational services as well as other products.

Herrera pointed out that within the general panorama of bilateral relations, the health sector was the most promising.

Witnesses Report Hijacking of Passenger Boat

PA0308212694 Madrid EFE in Spanish 2017 GMT 3 Aug 94

[Text] Havana, 3 Aug (EFE)—Witnesses have reported several people hijacked the passenger launch that normally travels between Casablanca and Havana today.

The hijacking took place around noon in front of many astonished people who were traveling along Malecon Avenue and watching the vessel, known as the "Casablanca Little Launch," as it was being forced off its route.

Sources stated that they saw several people being hurled into the sea and that a coast guard vessel followed the boat, but these statements have not been officially confirmed yet.

A group of nine armed people hijacked the Regla Launch, another traditional Havana symbol, on 26 July.

According to the official version, the Regla Launch was carrying 30 people, including the crew. Half of them returned to Cuba, and the rest were picked up by the U.S. Coast Guard 30 miles from Cuba.

More on Passenger Boat Hijacking

PA0408051694 Havana PRENSA LATINA in Spanish 0351 GMT 4 Aug 94

[By Frank Gonzalez]

[Text] Havana, 3 Aug (PL)—A passenger boat on its routine trip in Havana Bay was hijacked today by a group of armed individuals who diverted it toward the United States.

According to reports by seven people who were able to escape by jumping overboard before the boat reached the open sea, the hijacking took place around noon, shortly after the boat sailed out of Casablanca to dock in Muelle de Luz, 300 meters away on the other side of the bay.

According to reports, the hijackers subdued approximately 60 passengers, including women and children, who were on board the boat. There are 15 hijackers armed with a pistol, a revolver, a hand grenade, a bayonet, and machetes.

The eyewitnesses added there are 10 children, including three or four babies in their mothers' arms, among the hostages.

One of those who could escape, Onelio Ramon Cabrales, an employee of the Mambisa Navigation Enterprise, had boarded the small boat with his bicycle and sat at the stern to make the five- to seven- minute trip when he noticed the change of direction.

In statements to PRENSA LATINA, he explained he was astonished by the presence of an individual, armed with a revolver, who was walking toward the middle of the boat as he ordered the passengers to lay down in the floor.

The escapee and other eyewitnesses added immediately after this incident, a man armed with a Makarov pistol and a third man armed with a grenade emerged, and another individual armed with a bayonet was shouting obscenities and throwing several of the passengers' bicycles overboard.

One hijacker brandishing a machete forced the women and children to gather at the stern of the boat "La Coubre," which is 15.9 meters long, 4.89 meters wide, steel hulled, and has a maximum speed of eight knots.

Carel Bouza Fernandez, 23 and a recent engineering graduate, was another person who was able to escape the boat, and as he recounted this dramatic experience, he called the hijackers terrorists. He emphasized his resolve to stay in Cuba, because he really trusts the revolution.

Interior Ministry officials stated once the incident had been made public, two Coast Guard vessels and two civilian motorboats trailed the "La Coubre" from a safe distance in order to rescue any of the passengers who decided to jump or were thrown into the sea as well as to provide assistance in case the abducted motorboat capsized.

The civilian sea vessels were ordered to retreat to a certain distance from the coast, and the two Coast Guard vessels were instructed to proceed, maintaining the same advisable distance along with a abundant supply of safety jackets.

In order to avoid any accidents, the Coast Guards have in no way attempted to intercept the abducted ship.

U.S. Coast Guards were apprised of the incident from the beginning, given the kidnappers and hostages are heading toward the United States. The U.S. Interests Section in Cuba has also been duly advised.

The abducted motorboat was 28 miles north of Havana by nightfall.

Castro Speaks During National Assembly Session

PA0408022994 Havana PRENSA LATINA in Spanish 0007 GMT 4 Aug 94

[Text] Havana, 3 Aug (PL)—President Fidel Castro urged the people today to make use of their patriotism in finding more efficient ways to cope with the country's

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adverse economic situation, a struggle, he emphasized, which will only end with victory.

In a speech he delivered during the afternoon of 3 August at the first regular session of the fourth session of the National Assembly of the People's Government, the Cuban leader also urged the people to win the battle so as to improve food distribution and not resign ourselves to the levels reached in several national economic sectors.

Castro added it is clear there is a patriotism no one can doubt; only truly patriotic and heroic people can achieve what we are achieving.

He said we must change our people's patriotism into more efficient responses.

He also said the Cuban revolution is firmly holding to its fight, although the large, powerful nations have already given in and are bending their knees.

We must struggle during the years that are necessary to win, our biggest challenge, he said.

He emphasized the need to perform well, as has been done in such sectors as tobacco, one of the island's main exports, and tourism, which has grown lately.

Castro also reported the current sugar harvest season, source of the country's main export, has produced 4 million tons of sugar so far, 400,000 tons less than last season.

He recalled that the 1992 season produced 7 million tons and that the country lost approximately $1 billion in sugar exports alone, due to drops in sugar production during the last two years.

The Cuban leader said this fact adds new difficulties to the island's adverse economic situation, which is terribly affected by the loss of the main trading partners of the former socialist bloc and the blockade the United States has imposed against the island for more than 30 years.

He said the issue is not to ignore this problem but, rather, to find decent solutions given our reality.

Castro asked: How will we endure this situation? Will we destroy the revolution by ourselves? He added the fight of Cuban revolutionary men will end successfully.

Parliament started its sessions today by debating a report on the conditions of the western province of Granma, and it was discussing by late afternoon a tax law, the main issue to be addressed during the 4 August session.

Remarks on Levying of Taxes

PA0408042294 Havana PRENSA LATINA in Spanish 0246 GMT 4 Aug 94

[Text] Havana, 3 Aug (PL)—Cuban President Fidel Castro said here today levying taxes on state enterprises does not exempt them from turning all their earnings to the state. The head of state made this statement at the third regular session of the first working day of the fourth session of the National Assembly of the People's Government (parliament).

This explanation was given in response to a question on whether the levying of taxes on earnings of these enterprises exempted them from turning their profits to the state. The Cuban leader said that we will not relinquish socialist production and that the enterprises belong to the state.

He explained this tax is aimed at reducing state subsidies on the enterprises, adding we cannot renounce the right of giving the profits a legitimate use.

Meanwhile, Finance and Prices Minister Jose Luis Rodriguez said other types of taxes and charges that would also end up in the state's treasury will be levied on these enterprises.

This law will continue to be discussed tomorrow, and its purpose is to set general guidelines on the taxes, charges, and duties that will be gradually levied in the country beginning in 1995.

Ministry: 'Only 20 Percent' of Planted Sugarcane Sprouting

FL0308194294 Havana Radio Progreso Network in Spanish 1700 GMT 3 Aug 94

[From the "National Radio News"]

[Text] The Sugar Ministry planned to plant no less than 30,000 caballerias of sugarcane this year. The Ministry has only been able to plant 11,433 of the 18,090 caballerias—60 percent—that it had planned to plant by July. Of the more than 11,000 caballerias that have been planted, only 20 percent have sprouted due to limited seed resources, plowing deficiencies, and the use of cane seed that had gone bad or been infected with borers. The cane used was too mature, improperly planted, or planted with straw in some cases. This drop in quantity and quality endangers the sugar harvest, which means that 18,000 caballerias will have to be planted in the second half of the year with quality preparation of the soil, planting, and cultivation to spark a recovery in the sugar industry.

Parliament Vice President on Importance of Tax System

PA0208201094 Havana PRENSA LATINA in Spanish 1939 GMT 1 Aug 94

[Text] Havana, 1 Aug (PL)—Commenting today on the tax bill, Jaime Crombet, vice president of the parliament, said the national tax system will be very important in controlling and regulating the economic sector.

At a joint meeting of the Economic Affairs and Constitutional and Legal Commissions, Crombet highlighted the need to create awareness of the tax system among the population, the NATIONAL NEWS AGENCY reported.

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The new tax law will play an important role in the control and regulation of the country's economic activities, Crombet added.

The National Tax System bill will be studied at a parliamentary plenary on [illegible] August. Prior to that, however, the commissions are studying its impact on different areas of national life.

The revenues to be obtained from the proposed taxes will be used to restructure [sanear] the national economy, which has approximately $12 billion in excess currency, according to official sources.

Taxes on utilities, personal income, sales, public services, real estate, land transportation, transfer of goods, inheritance, documents, and use of manpower are some of the items included in the tax proposal.

The proposal also includes other contributions to social security such as tolls, airport services, and the posting of commercial advertisements in public areas.

'Straight Talk' Addresses Mixed Enterprises

FL0208221294 Havana Radio Rebelde Network in Spanish 1600 GMT 1 Aug 94

[Studio discussion between program host Osvaldo Rodriguez, of BOHEMIA magazine, and Eloy Concepcion, of TRABAJADORES newspaper, on 1 August; from the "Straight Talk" program—live or recorded]

[Text] [Rodriguez] Good afternoon, friends. This is Rebelde's "Straight Talk."

What economic sectors are taking off? Eloy Concepcion, of TRABAJADORES newspaper, and yours truly—Osvaldo Rodriguez, of BOHEMIA magazine—will be talking on this program.

Eloy, it seems as if this subject is not well understood despite having been raised repeatedly. Someone just asked me: How can you speak of economic improvement when the black market price for rice increases daily, when it gets more and more difficult to live on my salary, and when my situation at home has not improved but has acutally worsened? We must address these concerns. They are right to judge the economy based on their own budgets, because each person judges the economy based on what surrounds him and the information that he has on hand.

[Concepcion] Yes, this is truly a difficult topic. We suffer from, among other things: power outages; water shortages in the capital; and shortages of essential goods, particularly toward the end of the month. It is difficult to speak of economic improvements. The nation is beginning to see promising signs and not just a light at the end of the tunnel.

Why do I say this? It is easy to discuss daily shortages of vegetables, rice, power, etc., since they affect our everyday lives and nutrition. We face and fight this in our own homes.

As professional journalists, it is our responsibility to give the public something to think about. They know that Cuba faces and has faced a difficult situation. We will not raise the issue of the double blockade, even though that is at the root of our problems.

[Rodriguez] However, you cannot ignore the blockade in a discussion of Cuban economic affairs.

[Concepcion] That is why I say that it is at the root of our problems.

[Rodriguez] Look at how they use a blockade to force the military out of Haiti. They tried to sanction Iran with a blockade. A Blockade is a very severe sanction.

[Concepcion] Yes. As I said at the beginning, it is at the root of all our problems.

The policy of guaranteeing mixed enterprises is often not exercised since the blockade and persecution prevent trade. However, mixed enterprises are entering the Cuban market—not as often as we would like because of U.S. persecution against Cuba—and are beginning to have an effect on vital economic sectors. We can see the effects on our daily lives. This can be seen as a guarantee to the nation that there is a path that leads out of the special period in the long run.

Which sectors? It is our opinion...

[Rodriguez, interrupting] Yes. You are being very optimistic. You do not see a light sitting at the end of the tunnel but a light that is coming closer...

[Concepcion, interrupting] Yes, I can see it. I do not speak of oil discoveries but, instead, of sectors like the nickel industry. We could discuss the citrus or cement industries or oil exploration, one of the first and most important areas. The sectors and important enterprises that have introduced their capital and have begun to negotiate with Cuba in mixed enterprises guarantee a medium-term escape from the special period.

[Rodriguez] Which economic sectors are taking off? Eloy Concepcion and I are discussing this subject here, on "Straight Talk."

Eloy, you mentioned nickel, a material that is not discussed that much. An agreement was just signed with Canada's Sherritt firm. This agreement should produce medium-term results. Everyone is concerned...[pauses] Not everyone, but a large part of the Cuban population is concerned and suspicious about foreign investments in Cuba. They worry about us sharing our riches with foreign enterprises or foreign firms. We have explained why many times. Nickel could serve as a useful example.

We must rely on foreign investment, for we alone cannot satisfy the nickel industry's investment needs. In return, we must share our wealth. Foreign investment may be one factor, but it alone will not set us afloat. Our

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production efforts will pull us through this economic crisis, production of goods for our own consumption and for export.

[Concepcion] Yet, there is a problem. I agree with you in that sense, in the political sense...

[Rodriguez, interrupting] No, no. We are discussing economics and not politics.

[Concepcion] Economically speaking, I offer the following example: Cuba can produce a great deal of cement in its five factories: Mariel, Cienfuegos, Santiago de Cuba, Sancti Spiritus, and Artemisa. Our cement industry is practically paralyzed by the shortage of resources, primarily the petroleum needed for those factories to operate at full capacity. The factories not being able to operate at full capacity is just one symptom. The United States denies us the privilege of marketing that cement in other countries, including the United States. Why then should we deny ourselves the opportunity of associating with an outside company that wants those cement factories to operate at full capacity? We could split what is produced between the Cuban construction market and exports to other countries, including countries to which we cannot export now.

[Rodriguez] Very good! Cement is a good example. However, the sugar industry is the best example. I cannot believe that we would ever enter into a mixed sugar industry enterprise when we have the experience, technology, and ability to produce significant amounts of sugar ourselves. This also goes for agriculture and domestic trade.

[Concepcion] I was going to propose that we do a special program on the sugar industry's problems. However, I will respond:

You are absolutely right, we are not going to enter a mixed sugar industry enterprise with a foreign company. Could we press the sugar industry to increase production without the money to resolve the current problems? We must have money to increase sugar production, money to solve vital problems, to repair the grinding mills and combine-harvesters, and to buy fertilizer.

[Rodriguez] The sugar industry alone can generate enough money not only to solve these problems but also to offer benefits. The case is that we are now talking about a certain situation...

[Concepcion, interrupting] Osvaldo, we are talking about the sugar industry. It is and has been generating enough foreign currency to save and sustain Cuba over the last four or five years. It may have been a little foreign currency, but foreign currency nevertheless. Let's not get carried away with the tourist industry. The sugar industry has sustained and is sustaining Cuba.

[Rodriguez] I think you are saying that I am right. I think I am saying exactly the same thing: The sugar industry does not need mixed enterprises, foreign investments, or funding from other sectors. I said the very same thing you just said.

[Concepcion] I agree that the sugar industry does not need any of that, but I do not exclude that possibility since sugar is not the only product included under the sugar industry heading. We have the technological capacity, intellect, and talent needed to produce more than just sugar but sugar byproducts. It would be good to associate with foreign companies in this area.

[Rodriguez] You mentioned tourism. You said: Let's not get carried away with the tourist industry. That leads me to believe that you do not have much faith in the tourist industry as a means of revenue for Cuba. You can compare the tourism revenues of small Caribbean islands to those of European or Floridian resorts. Some small Caribbean islands, with just over 100,000 people, receive nearly one million tourist annually. Let's imagine Cuba has turned the dream of hosting one million tourists this year into reality—even though I think there will be a few less—and has earned about one billion in gross revenues as a result. If the tourism industry continues to grow, it will eventually become our leading industry. It is a matter of taking advantage of our natural resources, because tourism gets immediate results.

[Concepcion] When I said let's not get carried away with the tourism industry, I was referring to the fact that all of our administrative shortcomings have carried over into the tourism industry. Tourism can become the leading industry, but that is still far off. The blockade must be lifted so that we can achieve what needs to be achieved in the tourism industry.

[Rodriguez] Well, our time is almost up. Tourism can be the topic of a future program. But, again, I believe that it is not that far off because the tourism industry is the swiftest foreign currency earner...

[Concepcion, interrupting] But we must continue to harvest sugarcane.

[Rodriguez] Yes, of course, we will continue harvesting sugarcane. We must diversify our economy. We cannot focus solely on tourism, nickel, or sugar.

Thank you for being here, talking straight about the economic sectors that are taking off.

Minister Predicts 1 Billion-Peso Budget Reduction

PA2107233394 Havana PRENSA LATINA in Spanish 1858 GMT 20 Jul 94

[Text] Havana, 20 Jul (PL)—Jose Luis Rodriguez, minister president of the State Committee for Finance and Prices, today predicted a reduction of nearly 1 billion pesos in this year's budget deficit as a favorable result of the government's policy.

The minister said the budget deficit from now until December has been estimated at 3.25 billion pesos (the

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peso is equivalent to the dollar at the official exchange rate). To achieve that objective, the budget will be controlled every month in the country's municipalities and provinces.

Rodriguez said that sticking to the budget has been encouraging in a general sense, although the rest of the year will be very tense.

He said the work by the provinces in this direction has improved and praised the efforts by Holguin, Havana, Cienfuegos, Las Tunas, and Granma Provinces, the national information agency reported.

In May the Cuban parliament discussed the swollen state budget, which was estimated at more than 4.2 billion pesos early in the year, plus an excess in circulating currency, which by that time was nearly 11 billion pesos.

The finance reorganization and profitability formulas implemented by the government include eliminating some free services, reducing state subsidies, and increasing the productivity of enterprises and manufacturing plants.

Commentary Decries 'Pirate Radio' Views, Reports

FL0308214294 Havana Radio Rebelde Network in Spanish 2300 GMT 2 Aug 94

[Commentary by Fernando Davalos: "The Boa Does not Swallow its Own Tail" for the "Exclusive" program]

[Text] The phrase used as a title for our commentary may sound like a verse from an old Havana charade, but it has nothing to do with that. Many of our citizens, the younger ones, have no idea about this allusion to the forbidden game—destroyed by the Revolution and later resurrected in the United States by its advocates. The issue is different. I will explain: First of all, I want to state that 17 radio frequencies operate against Cuba from over there, in the United States, but what really amazes us is the relative abundance of gullible people who believe them, just as they believed in the ball trick used in the charade.

In the olden days, the verses written by Castillo [not further identified], or a Chinese woman, would supposedly reveal a number. People used to bet according to their own system, but the number that appeared in the ball was one that benefitted the gambling houses. The same happens with the tricky verses from counterrevolutionary radio—that claim they tell the truth when they tell only lies. As with the charade, this situation also involves gullible people who bet on a number and lose everything.

In this case, I refer to those who blissfully listen to pirate radio, firmly believe in its predictions, and always lose their bet because their number did not come up, nor could it come up because the tricky verse was not the result of logic, but sought only to benefit the gambling house owner. In this case, the one who draws the ball against Cuba on the radio, meaning the betting house owner, is interested only in stirring up the dispute between Cubans who live over there and those who live here. They want to slander Cuba simply because they have turned counterrevolutionary hysteria into a prosperous business without risks.

That is what they have always believed, but the fact is, the first ones to be deceived or confused by their broadcasts against Cuba are not the ones at whom the publicity barrage is directed—meaning those of us who live here. Instead, they deceive many of those who live over there and assimilate the pack of lies with great relish. Those who live over there tell so many lies, and do it so systematically—and, obviously, with great publicity techniques—that they are the first ones to swallow their own poison.

In this situation, as with the boa that swallows its own tail, their anti-Cuban madness addles them so much that it precludes a sober, realistic knowledge of what happens in Cuba. In other words, they lose contact with reality and believe only in the alleged superiority of the publicity campaign—which can achieve a lot, but not everything. There are people who know about this, yet they blindly believe in the betting agent's verses, betting on a number that will not be drawn—as was previously done in the charade. These people are like the boa that swallows its own tail. They docilely fall into the trap prepared by the radio stations broadcasting from Miami. They bet and they lose.

Castro Praises Work of University Professors

PA2107180694 Havana PRENSA LATINA in Spanish 2226 GMT 19 Jul 94

[Text] Havana, 19 Jul (PL)—Cuban President Fidel Castro has sent a letter to university professors in his country, praising their capabilities, scientific and cultural knowledge, dedication to work, and professional standards.

The letter, released today by the NATIONAL INFORMATION AGENCY, recognized work done "in the important task of educating new professionals of the revolution that has implied, in the first place, keeping our universities operational even amid the difficult conditions facing the country."

This has been possible, to a large degree, because of the creative work of professors, whose search for new alternatives and development of initiatives...have ensured that not a single student has been prevented from studying and that no career, no school, and no research center has been closed, he added.

Castro pointed out that work was carried out with scientific rigor during the recently closed school term despite the material shortages that were faced.

In this regard, he said that the successful completion of the academic year "shows how much we are doing to maintain and advance the achievements of the revolution."

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The letter stated that "new times are now being experienced at our universities and its plans must take into account that university attendance will drop because of the large number of higher education graduates that the country already has, and this is among the revolution's greatest achievements in the educational field."

It recalled that a youth who reaches university classrooms should receive a solid basic education in his future profession and should maintain the closest contact possible with social practices and that all the qualitative efforts of undergraduate education will focus on this.

The document pointed out that the large number of professionals that exist in the country and the very needs of development are placing increasing importance on graduate education, and especially on professional growth.

It underscores the progress achieved by students in higher education who "constitute a significant part of the country's scientific potential," it added.

Finally, the Cuban president's letter pointed out the increasing ties between these professionals and the population and the community, a development that has enriched "the cultural heritage of our people in the broadest sense."

Inter-Caribbean Affairs

Governments Back UN Resolution To Restore Haitian Democracy

FL0308130594 Kingston RJR Network in English 1200 GMT 3 Aug 94

[Text] Caribbean governments are said to be in support of a UN resolution approving the use of alternate means to restore democracy to Haiti. The prime minister of St. Vincent and the Grenadines, James Mitchell, said the entire Caricom [Caribbean Community] view has always been that the Haitian solution could be resolved through a UN resolution. Asked for his position on an (?international) force, Mitchell said: We will leave it to the U.S. Government to (?offer) help to the general secretary of the United Nations.

Dominican Republic

Government Willing To Grant Asylum to Haitian Leaders

PA0308230494 Madrid EFE in Spanish 2111 GMT 3 Aug 94

[Text] Santo Domingo, 3 Aug (EFE)—Dominican Deputy Foreign Minister Fabio Herrera Cabral announced today the Dominican Government is willing to grant "political asylum" to Haiti's coupist military leaders in order to help resolve the crisis of that Caribbean country.

The diplomat said: "We would receive them here if they were to yield power in Haiti and if this offer were to resolve the situation. This asylum would, of course, require approval from the international community so they may come here with all the guarantees."

Herrera Cabral said whoever assumes power in Haiti must guarantee the safety of the relatives of the military personnel who remain in Latin America's poorest nation after the military abandons power.

Herrera Cabral said: "If it is determined that they will not be persecuted and that they will benefit from an amnesty, we will receive them."

The diplomat told EFE "President Joaquin Balaguer is prepared to do all that is possible in order to resolve this problem for the sake of both nations."

Herrera Cabral reiterated the Dominican Republic opposes any armed intervention in Haiti to remove the coupist military. He said if there is an invasion, the Dominican Army will not participate and will maintain a strict watch on the Dominican border.

"I am sure," he said, "the Dominican troops will not participate in any invasion or intervention in Haiti for many reasons, including coexistence."

He explained the participation of Dominican soldiers could revive situations of confrontation that occurred last century.

Herrera Cabral denied the agreement signed by the Dominican Republic and the United States, which permitted the presence of "observers" on the border, violates Dominican sovereignty.

The diplomat said the Dominican Government and the United States signed an agreement on 1 August for a multinational group of observers to supervise border compliance with the embargo so as to quiet charges of noncompliance.

Herrera Cabrail said that the group of observers does not harm the Dominicans and that it is in line with the international community's plan to bring political normalcy to Haiti.

Government Turns Down U.S. Request for New Elections

PA0308232594 Mexico City NOTIMEX in Spanish 2109 GMT 3 Aug 94

[Text] Santo Domingo, 3 Aug (NOTIMEX)—After President Joaquin Balaguer was declared winner of the May elections, the Dominican Republic today turned down the U.S. Government's request for new elections. "I regret the U.S. position, because this issue is strictly a Dominican problem," said Vice President-elect Jacinto Peynado, who, together with Balaguer, received his winner's certificate from the Central Electoral Board [JCE] on Wednesday.

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The JCE proclaimed on 2 August Balaguer and Peynado winners in the 16 May elections. Balaguer and Peynado ran as candidates for president and vice president, respectively, for the ruling Social Christian Reformist Party.

Learning of the JCE decision, the U.S. State Department demanded new elections be held. Both local and international observers have questioned the 16 May elections.

Michael McCurry, U.S. Department of State spokesman, warned today Balaguer's proclamation "will certainly have a devastating effect" on diplomatic relations between the two countries.

By proclaiming Balaguer the winner, the JCE ignored the reports of fraud by Francisco Pena Gomez, candidate of the opposition Dominican Revolutionary Party [PRD] who, according to official reports, came out second with a difference of barely 22,000 votes.

After describing the JCE decision as disappointing, Donna Jean Hrinak, U.S. Ambassador to Santo Domingo, said the Dominican Congress, which must confirm the decision, has yet to make the announcement.

Pena Gomez, of the PRD, and Juan Bosch, of the opposition Dominican Liberation Party [PLD], have called their deputies to refrain from attending the Congress session, which must officially proclaim Balaguer president for the seventh time.

A tense calm prevailed in Santo Domingo today after a clash between political opponents and the police resulted in one death, several injuries, and an unspecified number of arrests.

Dominican leftist parties and popular organizations called for a 48-hour strike today, to be staged on 9 August, to protest the JCE decision giving Balaguer his seventh presidential term, his third consecutive one.

The Army and the police reinforced their watch on important public buildings in the capital. The PRD and PLD position on the two-day strike has yet to be announced.

Santo Domingo is being patrolled by vehicles, each with six to eight unidentified but heavily armed men in civilian clothes who demand identification papers from pedestrians and drivers.

Strike Called To Protest JCE Ruling; Violence in Capital

PA0308173294 Mexico City NOTIMEX in Spanish 1601 GMT 3 Aug 94

[Excerpts] Santo Domingo, 3 Aug (NOTIMEX)—The Dominican opposition today called a two-day strike to protest the proclamation of President Joaquin Balaguer as the winner of the 16 May general elections. The general strike is to take place on Tuesday and Wednesday of next week [9 and 10 August], according to spokesmen for the Rainbow [Arcoiris] group comprising popular organizations and small left-wing parties.

Strike organizers argue that the decision by the Central Electoral Board (JCE) to declare President Balaguer the winner is worsening the situation in this Caribbean country, which has been languishing in the wake of the May elections.

"The JCE declaration declaring Balaguer the winner in the elections increases instability in the Dominican Republic," Rainbow group spokesman Rafael Flores Estrella stated. He also announced other actions to show opposition to the National Assembly's proclamation of Balaguer as president for the seventh time, as well as a plan to protest the swearing-in ceremony, which has been slated for 16 August.

Flores Estrella invited Juan Bosch, president of the Dominican Liberation Party (PLD), to join the general strike and the protest demonstrations that will take place beginning next week.

The Political Committee of the Dominican Revolutionary Party (PRD), which had nominated social democrat Jose Francisco Pena Gomez for president, today met to review its position on the general strike. [passage ommitted]

The tense political situation created by the proclamation of Balaguer's alleged victory has already claimed one life and left several people wounded in Santo Domingo following reports of violent incidents last night.

Amid tight police security, thousands of opposition supporters protested the JCE decision outside the PRD building. One person was killed and others wounded in an intense shootout. Santo Domingo Autonomous University Students clashed with police who hurled tear gas at the university campus.

Haiti

Cedras Decides To Accept Peace Mission

PA0308213894 Hamburg DPA in Spanish 2103 GMT 3 Aug 94

[Text] Caracas, 3 Aug (DPA)—It has been learned today from official sources in Caracas that coupist General Raoul Cedras, who overthrew President Jean-Bertrand Aristide, has decided in Haiti to accept a peace mission that was proposed by Venezuela and backed by several Latin American countries.

Officials from the Venezuelan Foreign Ministry confirmed to DPA Cedras will accept in Port-au-Prince the high-level peace mission, which was proposed by Venezuelan Foreign Minister Miguel Burelli Rivas, in order to attempt to avoid an imminent, U.S. military invasion.

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Further on Accepting Peace Mission

FL0308204194 Port-au-Prince Radio Metropole in French 1600 GMT 3 Aug 94

[Text] AFP, citing an informed source in Port-au-Prince, has reported that General Raoul Cedras and the Haitian military high command have agreed, in principle, to receive a delegation of Latin American negotiators in Port-au-Prince. The Venezuelan foreign minister reported in Caracas on 2 August that the delegation, which hopes to find a peaceful solution to the Haitian crisis, will include representatives of five countries: The mission must be made up of the Argentine, Brazilian, Colombian, Mexican, and Venezuelan ambassadors to the United Nations. Uruguay might join the delegation. The delegation's Port-au-Prince arrival date has yet to be announced. A diplomatic source has denied that the United Nations is a party to this mission and that Argentine Dante Caputo, UN/OAS international mediator for Haiti, can ensure a liaisor between the mission and Port-au-Prince.

Radio Cites Army Chief's STERN Interview

FL0308210694 Port-au-Prince Radio Metropole in French 1600 GMT 3 Aug 94

[Text] The interview that General Cedras, Haitian Army commander in chief, granted to STERN last week was published on 3 August. The Army commander in chief laughed off threats of a UN invasion to restore democracy in Haiti during the interview. STERN reports that Gen. Cedras led the interviewer to believe that he would not surrender and would not go into exile. The general admitted that the embargo causes the Army problems. Gen. Cedras said that democracy is what Haiti needs most, that Haiti needs strong institutions to establish democracy, and that the Haitian Army is the country's only strong institution. Gen. Cedras pointed out during the interview that this leaves the door open for Aristide to return at any time.

Further on Interview

AU0308150394 Paris AFP in English 1434 GMT 3 Aug 94

[Text] Bonn, Aug 3 (AFP)—Haiti's strongman and army commander-in-chief General Raoul Cedras said UN threats to invade and reestablish democracy did not frighten him, in an interview with the weekly German magazine STERN.

Asked if United Nations threats frightened him, the general laughed and replied "no."

The magazine said the general, interviewed last week, made it clear he would not give up and would not go into exile. "Naturally the embargo causes the army some hardship," the general acknowledged.

"The most important thing for our country is democracy, we need democracy," Cedras said.

"Haiti needs strong institutions to establish democracy," he said, adding that the army was the only strong institution in the country. "That's why Aristide can come back whenever he likes," he said.

In July 1993, Cedras and the legitimately elected president-in-exile Jean Bertrand Aristide signed the Governor's Island agreement, covering the departure of soldiers who took power in the 1991 coup and Aristide's return to power last October.

Last Sunday the UN Security Council adopted a resolution authorizing eventual military intervention to reestablish democracy in Haiti. In Resolution 940 the UN also condemned "the persistent refusal of the de facto illegal regime to adhere to these agreements."

Ministry Reminds Press of Areas Off Limits

FL0308213794 Port-au-Prince Signal FM Radio in French 1030 GMT 3 Aug 94

[Text] The Information, Coordination, and Culture Ministry has issued a press release reminding journalists, in genera' and foreign correspondents accredited to Haiti, in particular, that the decrees on the strategic areas and on the state of siege define those areas of national territory that are off limits without the appropriate authorities' authorization. Some of the areas include: police stations; outposts; military posts; military, naval, and air bases; airports; and communication centers. Consequently, the Ministry makes a point of informing them that any violation of these areas will mean automatic confiscation of any material or equipment in their possession and the withdrawal of their accreditation cards. The Ministry press release, dated 2 August, adds that they will also be subject to the rigors of the law governing the matter.

Minister on Warnings Against 'Alarmist' Broadcasts

FL0308222094 Port-au-Prince Signal FM Radio in French 1030 GMT 3 Aug 94

[Text] The provisional government's Information, Coordination, and Culture Ministry invites the Haitian press to respect the rules of the game: The Interior and National Defense Ministry and the Information, Coordination, and Culture Ministry have issued a communique advising the local press that, in line with the state of siege that the government of the Republic ordered on the night of 31 July-1 August, it is their duty to maintain peace and calm by refraining from any alarmist or tendentious broadcasts and to resist turning into foreign propaganda tools. Jacques Saint-Louis, the provisional government's information, coordination, and culture minister, explains the communique:

[Begin recording] [Saint-Louis] A tendentious statement is any statement that is clearly subversive or that suggests a call to disturb public order or to undermine the government's prestige and authority. This would include statements that incite people to riot. Some automatically

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think of a curfew when they think of a state of siege, but curfew is only one of the consequences.

[Correspondent] So, Mr. Minister, there is no danger to the press?

[Saint-Louis] No, there is absolutely no danger. On the contrary, all the measures we have taken are aimed at protecting our citizens' lives and property.

[Correspondent] Finally, Mr. Minister, there is the question of constitutionally requisitioning materials at any time.

[Saint-Louis] Yes, there is a law that authorizes the government to requisition any telecommunications facility it may find useful in defending the territory in the event of civil unrest or invasion.

[Correspondent] Does this include the electronic media, such as radio and television?

[Saint-Louis] To a certain extent, yes.

[Correspondent] Mr. Minister, do you have a message for the population on the occasion of...[pauses] within the scope of this state of siege?

[Saint-Louis] We only ask that the population remain quiet, attend to their affairs, and wait for orders from the government.

[Correspondent] Mr. Minister, Signal FM thanks you. [end recording].

This was Mr. Jacques Saint-Louis, the provisional government's information, coordination, and culture minister, trying to explain what is meant by tendentious and alarmist news.

Chamber Declares Building Center for Resistance

PA0408024294 Madrid EFE in Spanish 0042 GMT 4 Aug 94

[By Herold Jean-Francois]

[Text] Port-au-Prince, 3 Aug (EFE)—The Haitian Chamber of Deputies passed a resolution today declaring the Legislative Building "the center for the national resistance against foreign intervention" in view of the U.S. threats of invasion. Before persuading several of their colleagues, several deputies held a heated debate on the meaning of this formula.

Joseph Lambert, of the Alliance for Parliamentary Cohesion, who introduced the draft of the resolution, said the formula means the deputies will work continually, courageously assuming their mission to confront those who attempt to occupy the country, and defend sovereignty.

The alliance deputies first proposed Jean-Bertrand Aristide, the constitutional president who was deposed in September 1991, be held responsible for a probable intervention, which the deputies believe he has requested. The deputies say this request would pave the way for Aristide's trial. The proposal was amended, however, after Socialist Party deputies fought it.

Meanwhile, the Senate, controlled by Bernard Sansaricq, approved a resolution condemning the UN Security Council's decision authorizing an intervention in Haiti to dislodge the coupist military men.

Sansaricq and his colleagues accused the United Nations of forsaking their mission of peace and becoming an organization that favors "discord to serve the hegemonic purposes of the United States."

In addition, the Chamber of Commerce announced on Wednesday its opposition to foreign intervention in Haiti and criticized President Aristide, who the Chamber says requested an intervention.

The Chamber also stated the UN Resolution "opens a door to imposition" and favored national initiatives that make it possible to attain a peaceful solution to the country's crisis.

The members of the Chamber reported having sent a letter to UN Secretary General Butrus Butrus-Ghali requesting to be received.

The Chamber demanded a six-month respite to negotiate a solution to the crisis. Chamber members also favor a political pact. They are convinced that "the difficulties of democracy in the country concern its past, culture, and habits and that a learning period is necessary."

Nevertheless, political observers regard the Chamber of Commerce's position as the most reactionary in relation to the crisis in the country.

Movement Leader Hopes for Internal Solution to Crisis

FL0308225094 Port-au-Prince Radio Metropole in French 1600 GMT 1 Aug 94

[Text] Volvick Remy Joseph, leader of the National Cooperative Action Movement [MKN], does not intend to enter the ongoing election debate, saying that parliament should take a stand on the issue. The MKN leader supports an internal solution to the Haitian crisis and rejects intervention. Joseph makes proposals concerning the elections:

[Begin Joseph recording] Protest can be heard from all sides, even from legally recognized political parties that are always ignored, as they prepare to call on the nation to vote. The protests stem from the fact that the people ratified a maladjusted constitution which their rulers have literally scorned with their stingy interests. There has been enough incompetence and lack of foresight to prevent enactment of the laws which should enforce the constitutional provisions on the functions of our institutions. Haiti is now a room with only one door from which to exit, and the only key is in the internationl community's hands. Where is the spare key? This basic question demands to be answered to help generate an

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atmospher in which the people are free to go to the polls. The 1987 Constitution places the country in the grips of representative democracy. It is urgent that parliament meet and issue a ruling on the question. There is no excuse for absenteeism. Consequently, the MKN suggests that a roundtable be held immediately between the leaders of the parties represented in parliament to look into the state of the situation and, after concerted action, to enjoin the absentees of their respective political groups to return to their seats in the legislative chamber while having them understand that democracy is not a [word indistinct] forward but dialogue, contradictions among the parties, and deliberate choice. The country is living through the most serious crisis in its history. The solution must be internal. The solution does not lie in intervention: National sovereignty is nonnegotiable. [end recording]

Front Leader Claims U.S. Trying To 'Crush' Nation

FL0308214694 Port-au-Prince Signal FM Radio in French 1030 GMT 3 Aug 94

[Excerpt] Louis Jodel Chambelain, executive secretary of the Armed Revolutionary Front of the Haitian People [FRAPH], has denounced the international community's bias. Chambelain said that the international community [word indistinct] the UN decisions to the Haitian people's detriment. The head of FRAPH's administrative staff blames President Jean-Bertrand Aristide and legislators for the country's situation. Chambelain explains:

[Begin Chambelain recording] The United States is using its overwhelming power to crush the weak, notably Haiti, without any valid reason (?and in a blatant manner). [passage omitted] [end recording]

Military Invites Alliance Chief's Wife to Talk

FL0308203494 Port-au-Prince Signal FM Radio in French 1030 GMT 3 Aug 94

[Text] The headquarters of the metropolitan area's military department has denied that police attacked Reynold Georges, leader of the Alliance for the Liberation and Progress of Haiti. The department said that it learned of Mrs. Georges's accusation against the police from a private radio station following the alleged attack on her husband on 1 August. The department considers this accusation a direct provocation. Nevertheless, a department press release dated 2 August invites Mrs. Georges to appear at the department for a discussion.

Sint Maarten

Island To Remain Under Administrative Trusteeship

BR0208130794 Rotterdam NRC HANDELSBLAD in Dutch 30 Jul 94 p 3

[Unattributed article: "Sint Maarten Remaining Under Trusteeship"]

[Text] For the time being, the Antillean island of Sint Maarten will remain under administrative trusteeship. However, the implementation of the so-called "supreme control" of the island's administration, will be left "for the most part" to the Antilles Government. This was decided by the Kingdom's Council of Ministers yesterday [29 July], at the new Antilles Government's request. In July last year, Sint Maarten was placed under direct control of the Kingdom's Government on account of the administrative and financial chaos on the island. The Netherlands was then granted by far the most powers. However, this decision met with great resistance on the part of the government in Willemstad. Yesterday, the national Council of Ministers also proposed new mayors for appointment to the Queen: For Curacao, this is Mr. S. Betrian, who is in charge of Curacao's finances, and for Sint Maarten D.L. Richardson, born on Aruba and at present civil servant for the Province of North Holland.

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Congressmen Reject UN Resolution 940 on Haiti

PA0408014594 Mexico City NOTIMEX in Spanish 2352 GMT 3 Aug 94

[Text] Mexico City, 3 Aug (NOTIMEX)—Mexican congressmen backed today the Mexican Government's rejection of the UN Security Council's 31 July decision authorizing the use of threats or force to resolve the Haitian crisis.

The Permanent Commission of the Mexican Congress condemned the use of violence to restore democracy in Haiti and expressed full support for the Mexican Government's position to reject the UN decision.

The legislators issued a political statement, warning "every form of military intervention in our hemisphere has had, in the past, and would have in this particular case, the most adverse consequences." They added a military intervention in Haiti "would result in the death of innocent people and aggravate the historic resentment of peoples whose sovereignties have been trampled."

The statement indicates the ruling "authorizes the creation of an as of yet undefined, multinational force. No time or deadline for an intervention has been set, and the mandate of this force, whose leadership and control the United Nations has relinquished, has not been clearly established."

The Mexican legislators rejected UN Resolution 940 and reiterated their conviction "every world controversy should be settled peacefully." They expressed the hope the resolution, "although it has been issued, will not be enacted."

They stated Mexico has rejected the breaking of constitutional order in Haiti, a breaking which had brought about the overthrow of the government of Jean-Bertrand Aristide in September 1991 and led to international agreements aimed at restoring a state of law in the country.

Finally, they stated that the effects of the penalties approved by the international community against the Haitian military government have not yet ceased and that, because of this point, the possibility for a peaceful solution is still open.

Chiapas Commission Prepares for Elections in EZLN Territory

PA0308201394 Mexico City LA JORNADA in Spanish 1 Aug 94 p 13

[Report by David Aponte]

[Text] Tuxtla Gutierrez—The State Electoral Commission (CEE) of Chiapas will begin working on Monday to prepare for the 21 August elections in the territory controlled by the Zapatist National Liberation Army (EZLN).

More than 500 electoral officials will be assigned to the 65 polling places that will be installed in the area. The members of the Electoral Commission for the region, which comprises civilian representatives and a delegate from the Federal Electoral Institute (IFE), have requested guarantees to be able to carry out their work, according to a CEE official.

On their first tour of the Zapatist-controlled areas, electoral officials "will update their field data" in the municipalities of Ocosingo, Altamirano, and Las Margaritas.

After mediator Samuel Ruiz Garcia announced the agreement reached by the EZLN with the federal and state governments, the preparatory work to hold state and federal elections in the area of Los Altos and Selva will begin on 1 August. In the wake of the agreement reached by the EZLN; the local government; and Jorge Madrazo Cuellar, commissioner for peace and reconciliation in Chiapas, the workers and CEE officials will ask to be admitted to the EZLN-controlled areas.

"Obviously, we are requesting guarantees for the workers and 520 officials who will be present at the 65 polling places on the day of elections in the region," Madrazo explained.

In its 20 July session, the IFE general council approved the creation of a municipal office for that institute, which will be tasked with promoting the necessary legal and political framework to hold elections in the conflict-torn region. This region encompasses part of the Ninth Electoral District based in the municipality of Ocosingo.

According to the agreement, the parties will resolve the specific topics and problems dealing with the political agreement and the holding of the elections in which just over 105,000 citizens are registered to vote.

The CEE reported having a list of 36,007 electors in Las Margaritas, 8,087 in Altamirano, and 61,248 in Ocosingo. This represents 6 percent of the state electoral registry. Up until 6 June, the state electoral registry consisted of 1,656,388 voters.

Of the total polling places that will be installed—3,072 overall—71 will be installed in Las Margaritas; seven in Altamirano; and 120 in Ocosingo. The last is one of the largest municipalities in the entire nation.

Chiapas electoral authorities have said that there are 65 polling places located in territory controlled by the Clandestine Indian Revolutionary Committee-General Command. This number represents 2.11 percent of all polling places.

Chiapas Governor on National Democratic Convention

PA0408040894 Mexico City LA JORNADA in Spanish 1 Aug 94 p 13

[Report on an interview with Javier Lopez Moreno, governor of Mexico's Chiapas State, by correspondents

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Roberto Garduno, Jose Gil Olmos, and Elio Henriquez in San Cristobal de las Casas on 31 July]

[Excerpt] San Cristobal de las Casas, Chiapas, 31 July—At the entrance of the cathedral of this city, Governor Javier Lopez Moreno anticipated any disruptions that might take place during the days prior to the 21 August elections could be overcome if the National Democratic Convention [CND] "goes well."

Following a private meeting with Peace Commissioner Jorge Madrazo Cuellar at the offices of the San Cristobal Diocese, Lopez announced he will reveal on 2 August the names of the officials of the state subcommission and the municipal office, which were created by the State Electoral Commission and the Federal Electoral Institute (IFE), respectively.

Lopez called the agreement to hold elections in the conflict area "the most positive sign in the past weeks," and he acknowledged "the willingness of the Zapatist National Liberation Army [EZLN] to find points of agreement."

He also agreed to mediate before electoral authorities in Chiapas "so they will work with the utmost of zeal and scruples" to keep disruptions "at a minimum."

Six days from the onset of the CND in Aguascalientes in the jungle of Lacandona, Lopez responded to the demands of various groups, organizations, and citizens of the country that security and freedom of movement be guaranteed to conventioneers: "The state government will be fully responsible for the public security groups." The basic responsibility will lie, however, with "the convention's organizers and attendees."

[LA JORNADA] Which topics were discussed with the commissioner?

[Lopez] We are reviewing the most appropriate ways to implement this agreement, which will support what has already been disclosed.

[LA JORNADA] Has a new phase of the political situation begun?

[Lopez] We have begun a new phase of peace and moderation. Let's hope we will not have any more difficulties. Let's also hope the CND will be held with the scrupulous respect of its organizers and attendees and with that of the state government, which is in its best disposition not only to facilitate this event but also to meet any demands for assistance.

[LA JORNADA] What can be expected of the coming electoral process?

[Lopez] Tensions can be expected to yield. If the CND goes well, we will have a more relaxed atmosphere. What we truly want is for forces of public order to guarantee the people freedom to exercise their rights, especially to prevent any disruptions. We expect them to have the ability and necessary professionalism to overcome any disruptions that could come up in the coming days. This point is why we are going to keep a very close communication with them, based, of course, on the guidelines set by the organizers. If they oppose it, we will seek the necessary mechanisms to accomplish the same objectives.

Lopez expressed his optimism over the agreements to hold elections in the conflict area: "It is the best thing that has happened in the past weeks; it is a sign that we will be able to have an orderly, electoral process if things keep going well. I urge all the political and social forces to fully respect what has been agreed."

Madrazo said the electoral process in Chiapas "is set within a broader process, the peace process. I am very pleased; this is the first result for the public opinion of the commissioner's work, and I feel confident, because I believe this strengthens the peace process."

Madrazo also referred to the CND, whose organization and future results, he said, only concern the EZLN and the people.

Madrazo said any contacts between him and EZLN leaders have taken place through letters with the mediator's support, "meaning this is also an appropriate method to achieve our goal, the goal the Mexican people demand from us: a dignified and just peace process." [passage omitted]

Article Examines Compensatory Taxes on U.S. Steel

PA0308131994 Mexico City EL FINANCIERO in Spanish 2 Aug 94 p 20

[Article by Jose Luis Gaona]

[Excerpt] Jaime Serra Puche will get his revenge on the United States beginning on 2 August: some steel by-products will pay set compensatory taxes of up to 78 percent.

Following the Mexican Government's failure last week to get the Bill Clinton administration to lift quotas on Mexican cement, the Commerce and Industrial Development Secretariat [SECOFI] has paid U.S. companies back with their own coin.

This is why beginning on 2 August a dozen U.S. steel companies will have to pay a 78.46 percent tax if they want to sell sheets of steel plate in Mexico and a 38.21 percent tax should thay want to export galvanized steel sheets to our country.

The investigation into these steel by-products by the Unit of Unfair Practices, headed by Alvaro Baillet, began on 24 December 1992. But it was not until today that the Mexican Governemnt decided to levy set compensatory taxes.

On 28 April 1993, SECOFI decided to levy provisional compensatory taxes on the following companies that wanted to export sheets of steel plate to Mexico: Lukens

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(16.72 percent), USX (44.92 percent), Bethlehem Steel (16.42 percent), and others (44.92 percent). These compensatory taxes were not levied on National Steel and Atemcor USA.

At that time, the Unit of Unfair Practices levied taxes on sheets of galvanized steel as follows: 5.85 percent on Bethlehem Steel, 9.74 percent on US Steel, 29 percent on New Steel, Mitsui Company, and World Metal.

Aides of Pedro Noyola and Alvaro Baillet were saying that the Mexican Government, abiding by foreign trade laws, levied customs surtaxes on these products because it was able to prove that the U.S. companies were "dumping."

But evil-minded people have concluded that this well-defined decision against exports of steel by-products is Jaime Serra Puche's mild revenge against the U.S. Government over the cement case.

At GATT and among administration officials it was being said this past weekend that the Clinton administration could soften its position on Mexican cement exports if Commerce Secretary Jaime Serra were to adopt a less intransigent position on U.S. exports.

It looks like SECOFI and Herminio Blanco now feel like playing the same protectionism game that the Department of Commerce plays.

The Salinas government has not played its best cards yet. For example, in the case of steel, the International Trade Practices Unit has pending provisional resolutions against exports by 29 international firms.

Apparently SECOFI could set quotas of up to 40 percent against steel exports from the United States, Canada, Korea, Brazil, Venezuela, Germany, the Netherlands, South Africa, and Australia.

Some of the steel products on which the Commerce Secretariat could apply compensatory taxes are cold-rolled sheets, hot-rolled sheets, rolled plates, and sheet plates.

Agreements and Disagreements

Herminio Blanco was left with a stone in his shoe. The under secretary for international trade negotiations was not surprised by the U.S. Government's refusal to lift the compensatory quotas burdening Mexican cement exports. But it will not be difficult for Mexico's ambassador to GATT, Alejandro de la Pena, to resubmit the case in October to the Antidumping Committee. There is another option, although this one puts too much weight on the future. This option is to have this matter resolved by the new World Trade Organization. People who know about this matter say that the United States could be prepared to modify its protectionist attitude toward Mexico but wants to carry to its ultimate consequences the maxim "what's done is done," and it is not prepared to return the approximately $60 million it has already pocketed from the duties on national exports. SECOFI, on the other hand, wants to clear off with everything. [passage omitted]

Article Reviews Salinas' Economic Efforts

PA0308193694 Mexico City EL FINANCIERO in Spanish 1 Aug 94 p 8

[Article by Gustavo Lomelin]

[Text] The Mexican Government has temporarily reversed the flight of capital with promises of continuity, stabilization, and some artificial "patching." The policy of detente implemented to ease economic pressure has worked, and now the risk of a possible devaluation crisis has been postponed until after the 21 August presidential elections.

President Carlos Salinas de Gortari's "masterful" stroke of opening democratic channels to ease pre-electoral political tensions was complemented with intensive lobbying by Guillermo Ortiz Martinez, deputy secretary of Finance and Public Credit, and Jose Angel Gurria Trevino, PRI [Institutional Revolutionary Party] international relations secretary, in various cities in the United States and Europe.

Even though Ortiz and Gurria were unable to completely eliminate foreign investors' fears, they were able to convince them of Mexico's medium- and long-term opportunities.

A number of factors influenced the new prevailing outlook among foreign investors and this prompted a decrease of investment risks in Mexico:

1. Substantial similarities in the economic programs of the three largest political parties in the country—the PRI, PAN [National Action Party], and PRD [Party of the Democratic Revolution]. In their economic proposals, the presidential candidates have, in general, shown an inclination toward a free market system, fostering investments in production, healthy public finances (endorsing a maximum deficit equal to two percent of the GDP, and support for NAFTA with some minor changes.

Needless to say, the economic tendencies of each of the three major presidential candidates commands a different level of confidence. Large capital investments would lead to a resurgence of economic activity beginning 1 January 1995, if Ernesto Zedillo Ponce de Leon wins; in June 1995, if Diego Fernandez de Cevallos is elected; and in 1996, if Cuauhtemoc Cardenas Solorzano is eventually recognized as the winner.

2. The idea that Mexico is finally approaching political maturity. Political instability changed the course of the economy and fanned financial volatility, but the official strategy strived to find political negotiation and democratic option solutions for the various political forces and the demands of the people to try to calm the various economic agencies.

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This explains Salinas' activity in recent weeks and his fostering of the San Angel Group, his interest in meeting with Cardenas, his electoral agreements with the Zapatist National Liberation Army, and his commitment to acknowledge any victory by the opposition. "Mexico is moving toward unprecedented democratic elections which will end with the handing over of power to the winner, no matter what party he may belong to," Salinas said in an interview published yesterday in the Spanish newspaper EL PAIS.

3. The polls show that, despite everything, Zedillo (who responds better to their interests) has a minimum 5 percent lead and has the best chance of winning. Fernandez de Cevallos is in second place despite his "slide" in the polls in recent weeks. They do not believe they will have any serious problems with him. Cuauhtemoc Cardenas is in third place. Despite everything he will have to follow the same economic model with certain personal changes.

4. Intense lobbying by Guillermo Ortiz and Angel Gurria have reduced their fears because they have guaranteed economic continuity which is possible because of the nature of the new model for economic development and international economic trends.

Ortiz Martinez promised to increase the number of treasury bonds on the market, to increase interest rates if necessary, and to use Mexico's international reserves to preserve stability in the financial markets and the strength of the Mexican peso versus the U.S. dollar. Even though Mexico's dollar reserves have dropped $13 billion between April 1993 and April 1994, they are within acceptable levels, have room to maneuver, are backed by a $6 billion credit line, and could be used in new swap [preceding word published in English] agreements.

5. The stock "bargains" made available on the Mexican Stock Exchange (BMV) in recent days were a magnet for speculators who will earn 20 percent profits before August 21. Treasury bond yields (7.35 percent) with exchange coverage are not easily available on other markets. If worst comes to worst, they say, profits could come to a standstill for several weeks, but in the medium term profits could reach 70 percent by year-end.

These things have given the investor greater confidence without solving all the issues. The reduction of risks made investors turn again toward Mexico; $1 billion in investments came into the country in one week. This influx of currency explains the increase of 1.76 percent in the BMV, the 1.76 percent revaluation of the Mexican peso versus the U.S. dollar, and the lowering of interest rates in the leading money market indicators.

Despite these improvements, the situation continues to be difficult. Although changes in the exchange rate may be disregarded until 21 August, the price in terms of the reserves, even temporarily, has yet to be determined, as does the financial cost to the productive sector due to the higher interest rates.

The uncertainty will increase after the elections, since everything depends on the honesty of the electoral process, the election results, and the people's credibility. At present, the placement of treasury bonds is a good option, even though more and more the public sector will bear the exchange risk.

But that risk will be determined by the elections, while President Salinas de Gortari's political actions will be completely determined by the flow of capital and the danger of a balance of payment crisis.

Today, within this context, Mexico must make its people fit in with its economy and its policy. On this journey, it cannot stop the progress toward democracy. The is no alternative.

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El Salvador

'Death Squads' Said To Operate Within Security Corps

PA0308044194 San Salvador LA PRENSA GRAFICA in Spanish 29 Jul 94 p A-3

[Text] According to the information analyzed by the Joint Commission, the "death squads" operated within the three security corps and in several sectors of the Armed Forces. The document that was presented to the president of the Republic yesterday highlighted, however, the participation of the 1st Infantry Brigade.

"Several summary executions were planned and executed by this military corps," the document states. "Various information during those years implicate the commander of the 1st Infantry Brigade in the recruitment, training, and possible deployment of paramilitary-styled 'death squads'."

The armed groups were reportedly backed by high-ranking Army officers. "They and other middle commands around them were the mentors of a new generation of young officers involved in violent political actions and other illegal activities."

The report refocuses its attention on an officer, "the 1st Infantry Brigade commander (who) used the civil defense training program of his unit as a front for the recruitment, training, and possible deployment of death squads."

The Armed Forces also reportedly committed "serious human rights violations," according to the document. At least in April 1988, according to a cable contained in the declassified information that was analyzed, Air Force helicopters were used to drop in bodies of water or inaccessible areas."

According to the Joint Commission, the death squads, to say the least, enjoyed "official protection" from the military and the FMLN [Farabundo Marti National Liberation Front].

"Likewise, the Armed Forces have demonstrated they did not have the capability to monitor themselves and carry out any type of internal investigation. It is incomprehensible that the Armed Forces never voluntarily turned over any of its officers for trial before a civilian court."

More on Commission Report

PA0308160194 San Salvador LA PRENSA GRAFICA in Spanish 29 Jul 94 pp 2A, 3A

[Text] According to documents studied by the Joint Commission, "death squad" activities appear to have been financed since 1979 through various means: government security offices, kidnapping and extortion, and contributions by wealthy members of the oligarchy at home and abroad. The financing and support of "death squad" activities came from "wealthy members of the Salvadoran oligarchy living in Miami or Guatemala." The documents also indicate that these structures "received support from right-wingers in Argentina, Venezuela, Mexico, and other Latin American countries, as well as other organizations such as the World Anti-Communist League."

The Joint Commission received reports that death squad members were trained in Guatemala and Costa Rica and that as many as 25 members were sent to Venezuela in mid-1982 for special training.

According to CIA intelligence reports, practically all of the financing for these illegal activities came from abroad. A report made reference to funding by "members of the extreme right-wing elite, most of whom are living in Guatemala and the United States."

Sources widely quoted in the same unclassified documents went as far as indicating that six wealthy Salvadorans living in Miami and who financed the death squads in El Salvador may have ordered the January 1981 murder of a Salvadoran labor union leader and two U.S. AFL-CIO representatives.

The Joint Commission that investigated the illegal armed gangs stressed: "The broad criminal network affecting the country, with indications of active participation of former members of the National Police and the FAES [Armed Forces of El Salvador], cannot be detached from numerous violent actions based on political motives."

When delivering its report to President Armando Calderon Sol, the Joint Commission warned it had found clear indications that illegal armed structures are currently operating clandestinely with a broad logistical, economic, and political base and that these structures include private citizens and government employees—both civilians and members of the security forces.

The report adds: "Currently, there are illegal armed groups that carry out summary executions, threats, and other acts of intimidation for political purposes. These groups comprise, are financed, and are led or backed by a minority in society. Nevertheless, they are hard to detect because of the fear they generate among the population and because they submit to or have the support or tolerance of some state agent."

As far as the Joint Commission is concerned, these groups tend to destabilize the peace process and create conditions that favor the country's militarization, extend National Police presence, or weaken the Civilian National Police.

When receiving the document, President Calderon Sol said he will study it and then begin appropriate legal investigations.

"With the new Supreme Court of Justice and with the government's determination, every person who has violated the law will be turned over to the courts," Calderon

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Sol said when recalling the contribution made by the late Dr. Leandro Echeverria, a former Joint Commission member.

In its report, the Joint Commission also described death squad activities during the 1980's. Based on unclassified U.S. Government reports, the Joint Commission reports that sources cited in the documents "said that six wealthy Salvadorans living in Miami, who financed the death squads in El Salvador, may have ordered the January 1981 murder of AFL-CIO representatives."

The document was presented to President Calderon Sol at 1145 at the Presidential Palace by Diego Garcia Sayan, chief of the Human Rights Division of the Joint Commission; Carlos Molina Fonseca, human rights ombudsman; and Attorney Juan Jeronimo Castillo—the people who comprised the Joint Commission.

In an annex to the report, which was kept secret, the Joint Commission claims it found some indications of alleged participation of private citizens and government employees in crimes committed during his mandate.

The information obtained by the Joint Commission is nevertheless insufficient evidence to publicly accuse the people involved, and, in turn, the information was relayed to the proper authorities for them to take legal action.

After discussing the links between organized crime, military personnel, and political violence, the Joint Commission reported: "Undoubtedly, political motivation seems to be neither the sole nor main driving force behind these structures, which prefer to dedicate themselves to 'common' crime activities, and they do this by way of a highly organized infrastructure. There are a great deal of questions about whether people connected to the so-called death squads might now be linked to highly organized criminal structures that specifically dedicate themselves to bank robberies, auto theft, arms smuggling, and drug trafficking."

The Joint Commission acknowledges in its report that there is no state policy to encourage acts of violence for political reasons, and, on the contrary, there is a security plan aimed at combating this problem.

Diego Garcia Sayan, a member of the Joint Commission, has said: "The commission has positively evaluated the government's efforts to develop a new public security policy capable of checking all of the organized crime structures, which are very much linked to criminal activities."

A copy of the report, which includes a secret section with the names of people linked to armed groups, has been delivered to Interior Minister Roberto Angulo, Deputy Public Security Minister Hugo Barrera, and Prosecutor General Romeo Melara Granillo in the presence of Enrique Ter Horst, chief of the UN Observers for El Salvador.

Ter Horst commented on the work the Joint Commission has been conducting for eight months, since its installation on 8 December 1993 by former President Alfredo Cristiani, and he said it will contribute to the consolidation of the institutions that will follow up on the recommendations that have been made.

Based on the analysis of some 60 cases, including eight viewed as typical, the commission has concluded that right now the illegal groups do not function as they did during the past decade, when they reacted to a political and social situation produced by the armed conflict.

Dr. Carlos Mauricio Molina Fonseca said the report calls for the creation of a National Civilian Police department in charge of investigating politically motivated attacks; a reform of the juridical system, which should include the designation of a special justice to handle these kinds of cases; and sentence reductions in favor of criminals who provide information to the authorities.

The Joint Commission said that while it is true that the investigations allowed the group to characterize the situation of political violence, some "difficulties and obstacles did not allow the search for evidence that would permit establishing individual responsibilities to make them public."

Guatemala

Human Rights Ombudsman Reports Conscription Continues

PA0308204894 Guatemala City Teleonce Television in Spanish 1900 GMT 1 Aug 94

[From the "Telepress" newscast]

[Text] Ombudsman for Human Rights Jorge Mario Garcia Laguardia has commented on new complaints that forced military recruitment is still occurring.

[Begin recording] [Unidentified reporter] The president and the defense minister say this is no longer happening.

[Garcia] Yes, late last week we received complaints; in fact, we processed and filed habeas corpus petitions. We went to military institutions to again rescue young men who were being held illegally.

This situation concerns me greatly, and I do not want to repeat myself. My position has been very clear. Recruitment has been completely illegal and discriminatory. It has included the use of force and has been conducted in disregard of the specific public instructions issued by the Army's general commander in his 30 June speech. In addition to denouncing these incidents, this office has worked to rescue young men from the garrisons. Rather than file complaints, it is the duty of the human rights ombudsman to protect the people. This is what we have done in this instance. We have managed to rescue more than 50 percent of the young men who were recruited in the past two months.

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I would say recruitment is taking place. In Chimaltenago Department, last weekend we were able to rescue all 67 conscripts whom the military authorities reportedly drafted by mistake. This weekend, new cases were reported in Chimaltenango and Escuintla Departments and elsewhere. I insist on calling on the president, who is the commander in chief of the Army, to make his subordinates obey his orders and end the recruitment until a new law is enacted, as he has said he would.

[Reporter] [Words indistinct]

[Garcia] That is the worst thing. Many of them are minors. In the initial recruitment conducted in the past two months, 685 conscripts were minors, and 196 of those we rescued were adults but were protected under provisions in the Conscription Law. The recruitment was, therefore, completely illegal. In the latest recruitments in Chimaltengo, Escuintla, and other coastal areas, most of the conscripts also were minors. I think the military officers who are acting in an arbitrary and abusive way feel that the younger the men, the better. Young men are seized in a manner that resembles a human hunt. This is totally illegal and unscrupulous. [end recording]

Honduras

Foreign Minister Reiterates Stand on Haiti

PA0308181194 Tegucigalpa Voz de Honduras Network in Spanish 1620 GMT 3 Aug 94

[Interview with Foreign Minister Ernesto Paz Aguilar by Jose Danilo Izaguirre at the National Congress in Tegucigalpa on 3 August—recorded]

[Text] [Izaguirre] Here is Foreign Minister Ernesto Paz Aguilar with exclusive statements for this station.

[Paz Aguilar] I have come to the honorable legislative chamber to report the position of the executive branch with regard to this specific matter, the Haitian situation.

[Izaguirre] There has been criticism because it is being said that one thing is said today and another tomorrow. What are truly the basic points that Paz Aguilar has come to say?

[Paz Aguilar] We have come to report the evolution of the Haitian crisis and the position of the Honduran Government.

[Izaguirre] More specifically, Doctor Izaguirre?

[Paz Aguilar] For example, we have come to tell the legislators about the historical background of this problem, the positions we have adopted, and those we will continue to hold.

[Izaguirre] What's next? Will we send people to Haiti? Will we accept Haitians?

[Paz Aguilar] Initially, the Honduran Government will accept Haitian refugees under the terms and conditions you already know about. Second, we are discussing the possible participation of Honduran troops in a peacekeeping force following the installation of a constitutional government in Haiti.

[Izaguirre] Do you favor sending troops?

[Paz Aguilar] We agree with Honduras' participation in the peacekeeping force after the Haitian military leaves power.

[Izaguirre] With due respect, please tell me, is it true that you are doing this as a Honduran or for your ego to get a position there in the United States?

[Paz Aguilar] The Honduran position in the UN Security Council is totally unrelated to the Haitian crisis. Honduras is a country that advocates humanitarianism. A Honduran seat on the UN Security Council would be occupied by our ambassador at the United Nations, not by the foreign minister.

[Izaguirre] [Words indistinct]

[Paz Aguilar] Defending Honduras' national interests.

[Izaguirre] What points will you discuss?

[Paz Aguilar] I will explain why the Honduran Government made these decisions.

[Izaguirre] For example?

[Paz Aguilar] Basically one, to support the constitutional government of Haiti. We cannot support a military dictatorship. Consequently, we must protect the hemisphere from the coup d'etat epidemic. We want to support a different government, a government that was elected by the majority of the Haitian people.

[Izaguirre] Isn't there a contradiction in this situation when we are meddling in the internal affairs of another country?

[Paz Aguilar] To the contrary, the international community is involved in an effort to restore the legitimate authorities in the face of a government that is usurping power.

[Izaguirre] At what time will you [words indistinct]?

[Paz Aguilar] At 1100.

[Izaguirre] Were you invited or summoned?

[Paz Aguilar] I was invited.

More on Comments; Deputies Disagree

PA0408041694 Mexico City NOTIMEX in Spanish 0226 GMT 4 Aug 94

[Text] Tegucigalpa, 3 Aug (NOTIMEX)—Honduras would participate in an international peace force after an

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eventual invasion of Haiti "and only under this condition," Foreign Minister Ernesto Paz Aguilar said today.

The Honduran foreign minister said before the 128 members of Congress the liberal government of President Carlos Roberto Reina, in power since 21 January, will not participate in an armed operation but, rather, in a peacekeeping force only.

The UN Security Council authorized on 31 July a military intervention in Haiti to evict from power the military personnel who overthrew Constitutional President Jean-Bertrand Aristide on 30 September 1991.

Paz presented the government's position for 45 minutes. He met on 2 August with the Armed Forces High Command, whose commander, General Luis Discua Elvir, expressed the Armed Forces' opposition to soldiers risking their lives in an action against Haiti.

The foreign minister said before Congress his government has agreed to receive approximately 5,000 Haitian refugees for no longer than six months, a position that coincides with that of the former administration of the National Party, which is the opposition now.

The Haitian refugees would be installed on the Swan Islands in the Caribbean, where they would stay for no longer than six months and will be taken care of by the UN High Commissioner for Refugees, he said.

After the minister's speech, the deputies of the three congressional factions debated specific aspects of Honduras' participation in the solution to the Haitian crisis.

Certain legislators disagreed with the idea of receiving refugees, who would only serve to degrade the delicate ecological environment on the Swan Islands, they said.

Carlos Sosa, representative of the minority social democratic Innovation and Unity Party, said: "No one is so poor that he cannot give anything or so wealthy that he does not need anything."

Others, such as Nationalist Party Deputy Cesar Castellanos, rejected any Honduran participation in the solution of the Haitian situation.

Local political analysts believe Honduras could participate in an armed invasion of Haiti if the United States requests it through the United Nations.

Nicaragua

Owners' Representative Criticizes U.S. Envoy

PA0208184694 Managua LA PRENSA in Spanish 30 Jul 94 pp 1, 12

[Report by Cesar Ureda Bravo]

[Text] Ariel Solorzano, president of the National Federation of Owners of Confiscated Property [FNC] said he is "horrified by the mechanisms that U.S. Ambassador to Nicaragua John Maisto used to convince the U.S. State Department that Nicaragua is solving the property issue," as a result of which the country was excluded from the Gonzalez-Helms amendment.

"It seems the North Americans do not care that there continues to be crime, murders, and confiscations in Nicaragua," the FNC president said.

He added that there are still claims pending by U.S. citizens, citing the case of Gay Whitesell de Llanes, who demands justice in a paid advertisement published in LA PRENSA.

"Maisto is an accomplice of the policies of the U.S. Democratic executive branch and the Nicaraguan executive branch, which will have the moral obligation to address a looming and formidable problem in this country, especially in view of recent statements by Sandinist leaders Tomas Borge and Bayardo Arce, who said that they will take to the hills if they do not win the 1996 elections," Solorzano said.

Yesterday U.S. Secretary of State Warren Christopher granted an exception to Nicaragua to avoid the application of the Gonzalez-Helms amendment.

The amendment, which expired yesterday, establishes that countries that have not resolved the problem of U.S. citizens whose properties have been confiscated will not receive U.S. aid or aid from international organizations.

Recently, Nicaraguan Finance Minister Emilio Pereira, in an appearance before the National Assembly, quantified at $600 million the property and goods confiscated by the Sandinist regime.

For Solorzano this exception was "expected" ever since the executive policies of the U.S. Democratic government became apparent, "which Maisto has developed very professionally with the intention of supporting President Chamorro's work until 1996."

The FNC leader explained that he agrees with economic aid from abroad, but there should be justice for those whose properties were expropriated or confiscated by the Sandinist regime.

"This exception does not resolve Nicaragua's property problem. We shall continue to press our claim with the government elected in 1996 to ensure a true legal state and ensure that justice is fulfilled," he said.

"Nicaragua's exception from the Gonzalez-Helms Amendment did not surprise us," Solorzano added, saying that with the approval of Law 180 on the revalorization of bonds, "we could see it coming."

According to Solorzano, Law 180 was passed "to win approval abroad," and it had the desired effect. "This law on bonds is illegal. According to norms established in the Penal Code, it is in effect an apology for crime," he noted.

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FSLN Demands U.S. Investigate Deputy's 'Arrest'

PA0208131394 Managua BARRICADA in Spanish 31 Jul 94 p 4

[Text] Yesterday the Sandinist National Liberation Front [FSLN] issued a communique demanding that the U.S. Government thoroughly investigate the arbitrary arrest and torture of Deputy Leticia Herrera by authorities at Miami International Airport.

The communique asks that those responsible for this illegal action be punished and that the Government of Nicaragua clarify whether there is indeed a list of Nicaraguan citizens who should be arrested if they arrive in the United States.

Foreign Minister Ernesto Leal said yesterday that there is no blacklist and that the Nicaraguan Government has never sent any such list to the U.S. Government.

A note from that Ministry reports that a formal protest has been sent to the U.S. Government demanding a thorough investigation of the reasons for the brutal treatment inflicted on Deputy Herrera, who is also a member of the Sandinist Assembly, when she was returning from Venezuela to Managua via Miami.

The FSLN communique demands that the government of Violeta Chamorro "take the necessary steps so that no Nicaraguan be the object of political persecution in our country, the United States, or any other part of the world."

The Sandinist Front reports that the government must resolve "as soon as possible the demands for bread and work by thousands of peasant families affected throughout the country by, among other things, the drought.

"The FSLN is also watching with special concern the situation of our brothers in the west, where desperation increases as the government fails to meet its obligation to help thousands of unemployed and hungry people."

According to the Sandinist Front, Thursday's events in Leon were the product of "the desperation of the people because of the government's failure to help them."

The communique also urges "all sectors in Leon to remain on the civic path while claiming their rights" and invites bishops, priests, and evangelical pastors to accompany "the people in their struggle for survival and to find an immediate answer to their hunger, unemployment, and misery."

Security for Rural Areas

In the same communique, the FSLN reports that approximately 300 of its members have been murdered in the four years of the Chamorro administration and that "most of these crimes remain unpunished while the assassins continue committing crimes."

The communique denounces and condemns the terrible death of Sandinist peasant leaders Juan Donaire and Roberto Romero, in Waslala and Rio Blanco, respectively.

The communique states: "In the current circumstances of extreme insecurity in which our peasants, Sandinists or not, must live, the FSLN views as legitimate the right of self-defense, using whatever means may guarantee the lives and property of our brothers."

Finally, the Sandinist Front "demands that the government order the Armed Forces to comply with its duty to guarantee the lives and security of the citizens and demands the arrest and trial of the assassins of defenseless peasants."

Panama

Costa Rican President Willing To Assist Haiti

PA0408013094 Panama City Circuito RPC Television in Spanish 2300 GMT 3 Aug 94

[Report by Abdiel Antonio Gutierrez; from the "RPC Television News" newscast]

[Text] Costa Rican President Jose Maria Figueres said in Panama today his country is willing to provide health and education assistance to Haiti following a possible invasion of the Caribbean island. During his visit to Panama, Figueres spoke in favor of the UN Resolution, which paves the way for an invasion in order to establish democracy in Haiti:

[Begin Figueres recording] I believe the UN Resolution is, once again, a warning to the Haitian leadership to seek a solution that will end the continuous violations of human rights and allow a return of democracy. [end recording]

Due to a possible invasion, Figueres ruled out his country would provide soldiers or police units but could provide other types of assistance:

[Begin Figueres recording] Costa Rica is willing to assist in whatever it can, in health and education, and by providing any type of support that will allow a significant portion of the Haitian population to economically begin operating in their own country. [end recording]

The United Nations decided recently to authorize a military intervention in Haiti aimed at establishing a democratic system that will allow the Caribbean nation to overcome the political, social, and economic crisis through which it is going.

Incoming Government Conditions Support for Haitian Invasion

PA0308193294 Panama City ACAN in Spanish 1702 GMT 3 Aug 94

[Text] Panama City, 3 Aug (ACAN-EFE)—The incoming government of the Democratic Revolutionary

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Party [PRD], which will be installed on 1 September when Ernesto Perez Balladares takes office, will support military intervention in Haiti only if there is no other solution to the political crisis. The incoming PRD government has also volunteered to act as a mediator.

According to a communique issued by the incoming Foreign Ministry, "our government will not have any choice but to support in letter and spirit the UN Security Council's resolution," which approves the use of force if Haitian military leaders do not allow that democracy be restored.

Foreign Minister-designate Samuel Lewis Galindo told the media today that because of our own experience, (the United States invaded Panama in December 1989 to overthrow General Manuel Antonio Noriega), the incoming government opposes military intervention.

But when a military dictatorship like Haiti's suppresses the people, violates their rights, commits political assassinations, and destabilizes a region, "the international community has the political and moral obligation" to act.

But Lewis Galindo stated his support for efforts for a peaceful solution to the crisis being mounted by Venezuela, Argentina, Brazil, Mexico, and Uruguay. The Venezuelan Government has sent a negotiating mission made up of Venezuelan representatives to Haiti.

In this regard, Lewis Galindo volunteered his government "to act as a mediator," if the Haitian military leaders accede, to achieve a peaceful solution and the return to power of constitutional President Jean-Bertrand Aristide. Aristide has been invited to attend Perez Balladares' inauguration.

In the event of a military intervention, Lewis Galindo expressed his government's willingness to contribute, "after the invasion," medical personnel and technicians in other fields to assist in the reconstruction of Haiti.

He believes that the controversy unleashed over the refugees has reached an end because by not accepting more refugees and by trying to send them to other countries, the United States has been able to stop the "exodus" of Haitians, who were trying to reach U.S. territorial waters in small crafts.

Although Panama's current government—presided over by Guillermo Endara—also opposes the invasion, it supports the UN resolution authorizing the use of force as a last recourse to resolve the crisis.

President-Elect Meets With Colombia's Sanin, Pardo

PA0308204794 Panama City LA PRENSA in Spanish 3 Aug 94 p 4A

[Report by Sandra Alicia Rivera]

[Text] Gualaca, Chiriqui Province—President-elect Ernesto Perez Balladares, who will assume power on 1 September, met yesterday afternoon behind closed doors with Colombian Foreign Minister Noemi Sanin to discuss issues of bilateral interest.

Perez Balladares said the purpose of the meeting was to exchange views on issues of mutual interest and the way in which both governments will work together.

"We want to primarily make sure that drug trafficking and money laundering are fought more effectively. We will try to control these problems together," Perez Balladares declared.

In a farm in the District of Gualaca, whose name was not specified for security reasons, Perez Balladares and Noemi Sanin met yesterday afternoon behind closed doors, together with the foreign ministers-designate of Panama and Colombia, Gabriel Lewis Galindo and Rodrigo Pardo, respectively.

Regarding any possible accord between Panama and Colombia, Perez Balladares explained that agreements will be reached in the future. "We are going to reach various understandings, and there will surely be formal agreements. This will permit us to jointly bring to fruition the issues that were discussed this afternoon," Panama's president-elect added.

Among the agreements that could be formalized are mainly accords on cooperation, exchange of "intelligence," joint actions, and a policy to fight drug trafficking and money laundering.

Meanwhile, Noemi Sanin said the meeting was held to strengthen integration and introduce Colombia's foreign minister-designate to Panama's foreign minister-designate and president-elect.

"This meeting has been very fruitful because we spoke about the Neighborhood Commissions, which are going to continue because of the importance of the instruments within them," Sanin explained.

Planning Minister on Use of U.S. Dollar After Year 2000

PA0308205294 Panama City LA PRENSA in Spanish 2 Aug 94 p 11A

[Report by Gisela Vergara S.]

[Text] Delia Cardenas, minister of planning and economic policy, has declared that Panama must begin taking steps to ensure that "the monetary mechanism governing us is extended indefinitely, even after the year 2000 and the culmination of the Canal Treaties."

Cardenas, who made these statements in light of a visit by officials of the Federal Reserve Bank in New York, said Panama must not wait until the last minute to secure a reliable, stable, and trustworthy monetary system.

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The use of the U.S. dollar in the country is based on the 1904 agreement between Panama and the United States, which stipulates, "the U.S. dollar will circulate freely in the Republic of Panama and will be on par with the balboa."

Regarding the circulation of the U.S. dollar in the country beyond the year 2000, LA PRENSA consulted William McDonough, New York Federal Reserve Bank president, who stated the Canal Treaty and the 1904 agreement are two different accords. He added that the culmination of the Canal Treaty has nothing to do with continued circulation of the U.S. dollar in Panama.

Therefore, he said the U.S. dollar will continue to be legal tender in Panama after the year 2000.

Meanwhile, Cardenas remarked, "After brief periods of confusion on the significance and advantages of the Panamanian monetary system, in Panama there is strong support for the convenience of maintaining the existing monetary system in force."

Cardenas stated that because of its monetary system, Panama enjoys economic and financial stability, an "insignificant" rate of inflation, a lack of exchange problems, and the free movement of capital goods, among other advantages.

Cardenas also highlighted the importance of the monetary system for international banking activities and the different service activities for commerce and international finance.

The official stressed that to achieve the continuation of a monetary system that can be a model for many countries, it is very important to obtain the "approval of the main link within the U.S. Federal Reserve system, the Federal Reserve Bank of New York."

In an automatic monetary system such as Panama's, it is indispensable to ensure the easy and unrestricted functioning of banking compensation mechanisms and the appropriate supply of currency, in this case bills or Federal Reserve Notes, Cardenas continued.

The minister recommended bankers take advantage of this visit to initiate contacts with U.S. officials to convey Panama's willingness to achieve a sustainable economy and preserve the monetary system.

Authorities Deny Knowledge of Pro-Iranian Group

PA0308225294 Panama City EL PANAMA AMERICA in Spanish 3 Aug 94

[Text] Yesterday, investigative authorities denied knowledge of the possible presence in Panamanian territory of members of the pro-Iranian group Hizballah, which, according to U.S. and Argentine experts, masterminded the attack against the HP-1202 ALAS flight.

Police sources said the investigations are at a stage in which they have been unable to exactly pinpoint those responsible for the attack on the HP-1202 ALAS flight, in which 21 people died.

They said there are several clues but declined to reveal them so as not to hinder the investigations. They did not dismiss the possibility, however, Islamic activists masterminded the attack.

U.S. and Argentine experts concluded recent attacks against Israeli interests in Argentina, Panama, and Great Britain were orchestrated by Lebanese members of the pro-Iranian group Hizballah.

Barbara Bodine, the U.S. State Department official responsible for antiterrorist coordination, and Raul Granillo Ocampo, the Argentine ambassador to the United States, presented the conclusions of their respective specialists at a hearing before the House of Representatives Foreign Affairs Subcommittee last Monday.

According to these experts, the group "Ansar al-Allah," which claimed credit for the two attacks in Latin America, is a branch of Hizballah, a Lebanese organization of Islamic members, which has claimed responsibility for many violent acts during the 1980's.

Ninety-five people were killed on 18 July, and 200 were wounded when a bomb exploded at the Argentine-Israeli Mutual Assistance Association.

Twenty-one passengers, including 12 Israeli businessmen, were killed the following day when the ALAS flight that took off from Colon Airport in Panama crashed shortly thereafter.

Subsequent investigations revealed it was an attack. Before experts reached that conclusion, the group "Ansar al-Allah" had already claimed responsibility for that action and for the terrorist action in Buenos Aires.

Incoming Ministers Issue Declaration Outlining Plans

PA0308180194 Panama City LA ESTRELLA DE PANAMA in Spanish 2 Aug 94 p A2

[Text of Bambito Declaration issued by the incoming cabinet, legislature, and mayors in Bambito, Chiriqui Province, on 1 August]

[Text] The members of the Legislative Branch, mayors, and cabinet of the government that will be installed on 1 September have held a series of meetings in Bambito, Chiriqui, to analyze the national reality and determine the path that will guide the next government administration.

Beginning on 1 September 1994, we will enter a new period of our national life. We are well aware of the prevailing expectations in the country, which has great hopes in the next government administration. We are not going to betray people's confidence in the new government team, which means we will implement an absolute inflexible policy against corruption and in favor of transparent public administration, capable of surviving any scrutiny.

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We will not cease our actions against crime, drug trafficking, and money laundering. Panamanians have the right to security and tranquillity, without the dangers and fears that currently darken everyday life.

We insist we are obliged to wage an all-out, bold, and aggressive struggle against unemployment, poverty, and extreme poverty, the country's main problems of the country which affect the entire society because of their sequel of insecurity, crime, and lack of opportunities, especially for youths.

We believe that this unavoidable responsibility in the face of the serious economic situation the Panamanian people are facing obliges us to examine all possible alternatives thoroughly, always trying to offer deep and pragmatic responses by way of consulting with all economic, social, and political sectors involved. This is the only mechanism we have at hand to promote the necessary investments, so as to organize the basis of national development.

However, the measures that will be adopted to meet the employment needs of our population will be accompanied by a broad program of social benefits. This is all perfectly possible if the principle that development goes hand in hand with social justice is reaffirmed.

All of the above require the application of a national consensus policy, a sincere and encompassing policy capable of allowing Panamanians with different political and social thoughts to coordinate their efforts so as to accomplish the great national goals. The national consensus policy, conflicting with the old and censurable practice of political openings, will be the inspiring source of a national unity effort. This sense of patriotic harmony between the country's components will also permit us to make the most of the reverted areas and witness strict compliance with the Torrijos-Carter Treaty, whose culminating point will be the return of the Canal on 31 December 1999.

We are committing ourserves to forging a new country, promoting the decisions the people desire, and leading Panama toward the path of modernization so that each Panamanian can feel he has had a chance to satisfy his aspirations.

The challenge lies ahead. We have already begun working!

UNITED PEOPLE ALLIANCE and SOLIDARITY PARTY

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Argentina

Di Tella Comments on U.S. Offer To Equip Navy, Haiti

PY0308191594 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1524 GMT 3 Aug 94

[Text] Buenos Aires, 3 Aug (NA)—On 3 August, Foreign Minister Guido Di Tella reported that the U.S. Government "is willing to offer all its assistance" for the re-equipping of the Argentine Navy due to the lack of spare parts in that branch of the Armed Forces.

Di Tella said that "this means that we would no longer depend on the issue of the spare parts." This would therefore offset, to some extent, the embargo [on the sale of weapons to Argentina] imposed by the United Kingdom.

Commenting on the U.S. offer, the foreign minister said that "it would enable the modernization of the Navy and our independence vis-a-vis the British embargo."

He then stated that "this is a political gesture" on the part of the Clinton administration," and that it is "a sign of confidence in the peaceful line of action that Argentina may follow in the future, since this has nothing to do with an arms race."

He noted that "we have already informed our neighbors—Brazil, Chile, Uruguay—about this and they have fully understood us."

Di Tella made these remarks during a news conference he gave at the Press Room of Government House, in the course of which he asserted that the government "is following very closely the situation confronting the Argentine Embassy in Haiti."

"We receive information on an hourly basis. Still, we are not contemplating recalling our ambassador in that country," he made clear, while expressing his concern about the shockwaves that may reverberate around the Argentine Embassy from an imminent invasion of Haiti.

He pointed out that "diplomatic officials are well aware that they may be assigned to difficult posts," adding that "they will not leave at the first shot."

Di Tella made it clear that if Congress does not approve the sending of troops to the Caribbean island "we will unfortunately not be able to participate" in the multinational force.

The foreign minister said that he was taken aback by the remarks made by Defense Minister Oscar Camilion, who contended that Argentina should send peacekeeping forces rather than troops to engage in fighting in Haiti."

He went on to say that "I have read those remarks and I am really surprised, but they reflect a personal opinion. It is incumbent upon the president to make decisions on that issue and I have no doubt whatsoever that the Defense Ministry will cooperate in all this."

In response to a question about the Argentine initiative to indemnify the "Kelpers" from the Malvinas Islands, di Tella said that "if at a certain point we see that monetary compensation is necessary to settle some aspects of the issue, we will be willing to consider it."

"It is very common for economic issues to crop up at a certain point in all solutions to the transfer of sovereignty," he noted.

With regard to President Menem's prediction that Argentina will recover sovereignty over the Malvinas Islands in the year 2000, di Tella stated that "we are going to do it using diplomatic and peaceful means."

Regarding the latest news about the probe into the attack on the Argentine-Israeli Mutual Association [AMIA] headquarters, the foreign minister clearly stated that Argentina presented "three very clear positions" before the UN Security Council.

He pointed out that he proposed "condemning the attack, establishing units within the United Nations to fight against terrorism, and—something which caused surprise—modifying the interpretation of the Vienna Convention concerning diplomatic immunity."

He underscored that "should diplomats be implicated in terrorist acts, a body within the United Nations would be set up in order to determine whether the mechanism we proposed is applicable to that case."

He further stated that "no country would be allowed to strip an official of his/her diplomatic immunity unilaterally but rather through an appeal to the international community." He nonetheless added that "this will take some time to be implemented because it will entail nothing less than modifying the Vienna Convention."

"What I can tell you is that if it is proved that accredited Iranian diplomats have been implicated, we will have to reconsider our relations with Iran," he stated.

Deputy Minister 'Downplayed' Sending of Troops to Haiti

PY0308192094 Buenos Aires Radio Nacional Network in Spanish 1600 GMT 3 Aug 94

[Text] On 3 August Deputy Foreign Minister Fernado Petrella downplayed the sending of Argentine troops to Haiti by comparing that operation to a Hollywood hypothesis. He explained that a scenario in which Argentine troops land in Haiti together with those of the United States was just mere speculation. He confirmed, however, that Argentina may send a corvette to support the Argentine vessel that is already in Haitian territorial waters as an alternative to sending military personnel. According to Petrella, the hypothesis that Argentina is handling is to abide by the UN Security Council resolution rather than landing with U.S. troops.

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Di Tella Clarifies Argentine Involvement in Haiti Conflict

PY0408002694 Buenos Aires Telefe LS84 Television Network in Spanish 2200 GMT 3 Aug 94

[Remarks by Foreign Minister Guido Di Tella on the situation in Haiti at a news conference held in the press room of Government House in Buenos Aires on 3 August]

[Excerpt] [Begin recording] [Di Tella] [passage omitted] We are reviewing our level of involvement. As soon as we have established it, we will send a bill to Congress. We believe our duty requires us to have full authorization that also includes military intervention. The specific nature of this will also to a certain extent depend on the coordination with other military forces.

We have a ship there. We kept a ship there last year. Another ship, which is to replace the one operating there, or which will join it, is about to depart. This is one of our dilemmas. We must establish the level of involvement of this ship or of these two ships. The level of involvement will change depending on congressional approval or disapproval. Congress will approve—if indeed it does give its approval at all—either to shell, land, or take up position in a given area.

In other words, there are various objectives. There is no reason to ask for additional authorization. [end recording]

Cavallo 'Optimistic' About Mercosur Summit

PY0308194894 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1524 GMT 3 Aug 94

[Text] Buenos Aires, 3 Aug (NA)—Economy Minister Domingo Cavallo said today he is "optimistic" there will be a presidential summit of the four Mercosur [Common Market of the South] member countries on 5 August. Cavallo recognized, however, that "there are details" in the negotiation with Uruguay and Paraguay that still need to be fixed and which could put a question mark on the summit.

"I am an inveterate optimist," Cavallo stressed. He said the Uruguayan representatives may sign the tariff guidelines which are being negotiated with the Brazilian delegation, "and which are progressing well." Cavallo admitted, however, that the talks are deadlocked "on some points."

Cavallo made these surprising remarks at the end of a regular Wednesday meeting with the economic team at the Finance Ministry.

Menem To Speak Privately With Franco About Security Policy

PY0308170494 Rio de Janeiro O GLOBO in Portuguese 2 Aug 94 p 16

[Article by Ascanio Seleme]

[Excerpt] Buenos Aires—Argentine President Carlos Menem wants to speak in private with President Itamar Franco during the Mercosur [Common Market of the South] summit that will be held on 5 August in Buenos Aires. He wants to discuss a common security policy in the border areas and airports of the two countries. The Argentine Secretariat for State Intelligence (SIDE) is convinced that Brazilian territory has served as a support base for the terrorists who destroyed the Argentine-Israeli Mutual Association (AMIA) building on 18 July, killing 96 people.

According to information obtained by O GLOBO at the SIDE and the Argentine Foreign Ministry, officials from the Iranian embassies in Buenos Aires and Brasilia are on the list of suspects under judicial investigation, even though no Iranian diplomat has thus far been summoned by Judge Juan Jose Galeano, who is conducting the investigations. [passage omitted]

Identikit of 'Kamikaze' 'Religious Fanatic' Compiled

PY0208165894 Buenos Aires LA NACION in Spanish 1 Aug 94 p 18

[Text] Investigators have compiled an Identikit likeness of the man, an alleged religious fanatic, who may have driven the Renault Traffic van loaded with explosives to the AMIA [Argentine-Israeli Mutual Association] headquarters.

Trustworthy sources told LA NACION that the kamikaze might have been an Iranian citizen who belonged to one of the armed wings of the Hizballah (Party of God). By yesterday evening there were no indications that the planning and perpetration of the terrorist attack had any direct links with Iranian diplomats or officials, or that the latter had any knowledge of it.

It was also learned that this kamikaze, whose remains were reportedly found near the engine of the Renault Traffic van used in the attack, has yet to be identified.

This man allegedly had no contact with the other perpetrators. The structure of the organization may therefore be totally cellular.

The sources contended that a foreign couple—a man with fair complexion (whose Identikit likeness has already been compiled) and a woman who spoke with a German accent—is being investigated. They were allegedly seen some hours before the attack when they entered the Clinicas Hospital parking lot on the corner of Azcuenaga and Paraguay Streets, where they parked a Renault van.

The sources said the two suspects allegedly did the following:

-
- They went there to load the van with explosives. This supposition seems to be a bit far-fetched because 200

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kg of ammonal is quite cumbersome and besides, passers-by would have easily spotted the operation.

- The couple stayed at a modest hotel in Once district. They arrived at the car park at about 0600 or 0700 local time on the morning of 18 July to collect the van. From there they allegedly drove to a nearby place, maybe a warehouse or a garage, where they loaded the explosives. Just before 0953 (when the explosion occurred), the "kamikaze" allegedly arrived to collect the van and drive it to the AMIA building.

Another missing link that bothers investigators is who constructed the bomb.

The raids made over the weekend, some in Greater Buenos Aires, sought to find the man or men who manufactured the explosives. They are believed to be Argentines.

The informants further stated that investigators and the government believe the investigations are proceeding well and expect more results soon.

General Strike Partially Observed; Compliance Detailed

PY0208210094 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1506 GMT 2 Aug 94

[Excerpts] Buenos Aires, 2 Aug (NA)—The general strike organized by opposition labor federations was observed by few people in the Federal Capital. Activities here were almost normal. In greater Buenos Aires and in the interior of the country, however, the strike was observed to a greater extent.

In Buenos Aires the attention of government officials and labor leaders centered on the operation of the public transportation system, which has the greatest impact in general strikes.

Only 40 percent of the buses, with respect to the usual number, were operating at the start of the morning. According to estimates made by Transportation Secretary Edmundo Soria, their number increased to 80 percent by 0800.

Subways and suburban trains operated at full capacity and according to schedule, just as did the air services. [passage omitted]

Soria said that "at 0700 only 27 bus lines of the total of 140 were not operating." Soria added that the service gradually returned to normal, adding that the strike "will be a great failure for (Juan Manuel) Palacios," leader of the Argentine Workers Movement (MTA) and secretary of the Motor Transport Workers Union (UTA).

Palacios, in turn, disagreed with Soria's evaluation, saying that "barely 5 percent" of the buses were operating.

UTA reported later that the strike "was 100 percent effective in Cordoba, Rosario, Santa Fe, Salta, Bahia Blanca, and Tucuman."

The protest measure is developing in a climate of total calm, although "there were minor incidents such as the breaking of some windshields," Soria said. [passage omitted]

Government spokesmen admitted that 60 percent of the teachers were present in the schools, adding that the situation was the opposite with students, as only 40 percent of them showed up for class. [passage omitted]

In Mendoza the transportation system operated as usual because the local union did not join the strike. The stoppage was barely felt in other areas.

In Mar del Plata the strike had mixed results. The stoppage was mostly felt in the transportation sector, where 60 percent of all buses were operating. [passage omitted]

In Cordoba there was an almost total absence of public transportation units in the streets. There were some attacks against vehicles that dared to emerge early in the morning.

The municipal trolley system—which is driven mostly by women who are not affiliated to UTA—started operating at 0600 with police guards in each unit. There were several stoning attacks against these units.

A Molotov cocktail was thrown at a luxury service bus from the Konfort transport company. The attack persuaded the company to suspend its services. [passage omitted]

Shops in general opened their doors despite the strike by commerce workers.

Bank employees joined the strike, but we do not have figures on observance. Financial institutions opened their doors as usual.

Activities in the industrial sector were practically normal because mechanics affiliated to SMATA [Trade Union of Mechanics and Related Automotive Transportation Workers] and UOM [Metalworkers Union] did not join the strike. [passage omitted]

Government House is following events attentively, and is receiving reports from various companies. President Carlos Menem, meanwhile, is fulfilling his agenda at the Olivos residence. [passage omitted]

Successes, Failures of 2 Aug Anti-Menem Strike Detailed

PY0308032594 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2252 GMT 2 Aug 94

[Excerpt] Buenos Aires, 2 Aug (NA)—The national strike that was launched today by the anti-Menem unions had very few repercussions throughout the country, and despite the fact that a large part of the transport sector was affected, the workers turned up at their jobs without any major problems or incidents.

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The labor leaders announced that approximately 71 percent of the workers complied with the strike, which had been declared illegal by the government, but Labor Minister Armando Caro Figueroa sarcastically maintained that "that figure must pertain to some other strike."

Nearly 80 percent of the transportation sector, which was considered to be the focal point in the conflict, carried out its duties between 0800 and 2000, but during the early morning and the night the schedules were reduced for fear of attacks against vehicles, according to the Transportation Secretariat.

In this capital the subway and urban train schedules were fully complied with, with the exception of a very few cases, while flights arrived and departed on schedule at Ezeiza International Airport.

There were some alterations to the schedules of internal flights, while some schedules and stopovers were combined, with Aerolineas Argentinas and Austral Airlines complying nearly normally with their schedules.

Banks, bars, and restaurants functioned normally, and there was public entertainment. Business in general was not affected, and the Stock Exchange operated normally.

There were some setbacks with clearing operations due to the stoppage of the drivers of armored trucks, although the private banking sector worked normally.

Regarding the official banking sector, some agencies of the Bank of the Province of Buenos Aires, such as the one located in Avellaneda, closed their doors, while others were attended by management-level personnel.

The fear that there would be a lack of public transportation caused many people to reach the downtown area in cars, taking advantage of the fact that parking restrictions had been lifted and the staggered ban on vehicular movements had been suspended.

UTA [Motor Transport Workers Union] reported that the strike "had been carried out 100 percent in Cordoba, Rosario, Santa Fe, Salta, Bahia Blanca, and Tucuman," and that in the Federal Capital and greater Buenos Aires only 4 percent of the 14,000 units had worked.

Notwithstanding, Transportation Secretary Edmundo Soria stressed today that the strike "was a failure for (Juan Manuel) Palacios," and disagreed with the head of UTA in reporting that 80 percent of the buses carried out their schedules.

The strike had its greatest repercussions in the three levels of the educational sector, where it affected classes in colleges and in primary and high school establishments due to the strike of CTERA [Confederation of Education Workers of the Argentine Republic] and CONADU [National Confederation of University Teachers].

Disagreeing with the figures of the teachers' unions, the metropolitan municipality reported that the strike was scarcely felt at the primary and high school levels, with some 96 percent of the teachers at their posts.

The Health Secretariat of the municipality of Buenos Aires reported that the outpatient clinics at the municipal hospitals functioned normally, and that all scheduled operations had been carried out.

According to a canvass carried out by the Mercantile Business Activities Coordinator, 99 percent of businesses opened in the Federal Capital, greater Buenos Aires, Cordoba, Rosario, and Mendoza; 93 percent in the Patagonian area; and 91 percent in the northeastern area.

In the interior, the strike had good support in Cordoba, Santa Fe, the northwestern and northeastern provinces, while it was not perceived in Mendoza, Rio Negro, Neuquen, La Pampa, or Santa Cruz. [passage omitted]

Menem Says Elections To Be Held in May 1995 'at the Latest'

PY0308183394 Buenos Aires CLARIN in Spanish 2 Aug 94 p 9

[Excerpts] President Carlos Menem confirmed yesterday that the upcoming presidential elections would be held in May 1995 at the latest. He indicated that, if Eduardo Duhalde is unable to break the deadlock associated with his reelection as Buenos Aires Province governor, "we will again field the Menem-Duhalde ticket in 1995."

In remarks to a radio station, Menem said the elections would be held in May "as established by constitutional provisions." [passage omitted]

Menem did not only discuss his own electoral future yesterday. The president, along with Duhalde, CGT [General Confederation of Labor] Secretary General Antonio Cassia, and Lanus mayor Manuel Quindimil yesterday participated in a housing delivery ceremony in Lanus District. At the ceremony, the president confirmed that, if Duhalde is "proscribed" [from reelection in the gubernatorial elections] in 1995, the PJ [Justicialist Party] would again field the presidential ticket fielded in 1989.

Menem said: "Don't talk to me about democracy as long as there is a single proscribed Argentine in our fatherland." He added: "Let's not feign shock over democracy and liberty when there are governors who already have been reelected three times and may be reelected a fourth time."

Constituent Assembly Approves Presidential Reelection

PY0408003694 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1124 GMT 2 Aug 94

[Excerpt] Santa Fe, 2 Aug (NA)—The Constituent Assembly has passed the core of the reform of the

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Constitution as stipulated in the Nucleus of Essential Agreements, which includes the possibility of presidential reelection, creation of the post of cabinet chief, the direct election of the president through a runoff election system, and the autonomy of the federal capital.

Following a lengthy debate lasting nearly a week, the Constituent Assembly incorporated the 13 points of the Olivos Pact into the constitutional text by 177 votes in favor, 27 against, and 3 abstentions.

The following political parties with representation in the Constituent Assembly walked off the floor before the vote: Grand Front, Socialist Unity, Progressive Democratic Party, UCeDe [Democratic Center Union] from Cordoba, Chaco Action, Mendoza Democratic Party, Salta Renewal Party, Republican Force, and the Autonomous and Liberal Pact of Corrientes.

Only 208 [as received] of a total of 305 Constituent Assembly members were present on the floor when the vote was held. [passage omitted]

Article Views UCR Presidential Hopefuls' Programs

PY0208204994 Buenos Aires LA NACION in Spanish 31 Jul 94 p 13

[Article by Mariano Obarrio]

[Text] Rushing into the presidential race from the very start, UCR [Radical Civic Union] leaders Fernando de La Rua, Federico Storani, and Eduardo Angeloz will compete on the economic front—perhaps the most controversial area—with different styles.

How will tax policies change? What will they do to attract investments, generate growth, and create jobs? How can they help impoverished regional economies and provincial administrations? The candidates and their advisers have their solutions to these problems.

Adviser Francisco Mezzadri has said Cordoba Provincial Governor Angeloz will fight with the same weapons he used in 1989 when he ran against Carlos Menem. While Menem's "critical approach" toward his adversaries has become somewhat worn out, the policies of Angeloz maintain the basis of "ethics, growth, and solidarity."

No one will convince him to support a market economy, but he will support a state that has rules on healthy competition and is not likely to forget to sponsor regulations on monopolistic activities or to preserve "equal opportunities for social development."

He will launch "a second state reform" based on generalized efficiency with its spending tilted toward social programs.

He will clearly indicate his intentions to rapidly modify the banking financial system and to support "a federal consensus" on the reorganization of provincial public revenues and spending. He will rule with social rational in mind.

Basically, Angeloz points to a significant growth in investments, internal savings, and employment.

De la Rua's adviser Adalberto Rodriguez Giavarini told LA NACION that his candidate will center on a proposal for sustained growth based on:

- a fiscal policy of surplus based on efforts to rationalize public spending and a tax policy that seeks a broader tax base, increased fight on evasion, and respect for the fiscal pact;
- financial reform seeking cheaper costs through increased efficiency. Support for cooperative banks;
- public spending aimed at guaranteeing a financial inflow and private savings with sustained interest rates;
- a public investment policy based on works of infrastructure (particularly roads). To promote private investments his administration will give priority to democratic stability and institutional independence. He will support small enterprises and their evaluation by financing technicians.

Storani makes clear that he will not review what the enterprises that have already been privatized, although he will encourage a state regulatory role.

He suggests the creation of a productive reinvestment fund with genuine resources from the very beginning. One way to do that will be to broaden the tax system progressively (by increasing the pressure on profitable industries—taxes on profits and assets). "Value Added Tax provides the bulk of our revenues," Storani said.

He added that the state must decide, based on technical advise, which sectors will benefit from government policies, particularly with loans. He favors efficiency, international competitiveness, and technological innovations. He also contemplates assistance for basic areas.

Storani said he will pay a lot of attention to the training of human resources and to provincial economies. "We must face the state reform with productive development to help reverse the migration of workers."

Labor Minister: No Change in Economic, Labor Policies

PY0408014394 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2255 GMT 2 Aug 94

[Excerpt] Buenos Aires, 2 Aug (NA)—Labor Minister Armando Caro Figueroa this afternoon termed a "total failure" the general strike called for by the two opposition labor organizations, although he did acknowledge that "there is social unrest in some sectors of the country."

The minister insisted that the government "is not going to change its economic policy, nor its social or labor

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policies," and that the sector's demands "must be channeled through dialogue, not strikes."

Caro Figueroa stated that the leaders of the two labor organizations "did not achieve their objective of paralyzing the country," and that "significant observance" was noted among the worker members of the two organizations that called the strike.

The minister said that activities "were normal" in the vehicle industry, the private sector, commerce, banks, and in the construction sector, and that it had been observed with "relative significance" in the public transportation and educational sectors and among state employees.

"The strike was a total failure in that the objective of stopping the country was in no way achieved," said Caro Figueroa, who moreover did acknowledge that the observance of the strike "in the city of Rosario was significant."

The minister spoke highly of the "work attitude of the employees" who turned up for work, "demonstrating a certain degree of maturity on their part in not supporting what were clearly political proposals," such as today's strike.

He pointed out that the demands of the labor sector "must be channeled through its representatives in Congress and those who were voted for in elections, and not through strikes that have a clear political connotation."

Caro Figueroa refused once again to provide official figures on absenteeism because, he argued, "we are not going to enter into a war of numbers." He then invited opposition labor leaders to "calmly weigh" the results of the strike.

"A general strike is not won or lost with numbers; it is won if the objective is achieved, and in this case the government is not going to change its economic policy nor its social-labor policy," he warned. [passage omitted]

Aspects of Military Reform Discussed

Joint Chiefs of State Cost Estimate

94SM0421A Buenos Aires LA NACION in Spanish 28 Jun 94 p 14

[Article by Eduardo Barcelona: "Armed Forces: Differences in Cost of Volunteers;" first paragraph is LA NACION introduction]

[Text] Expenditures: The Joint General Staff (EMC) believes the cost estimates of the branches of the Armed Forces (FFAA) to be in error because they did not add in the employer's contribution and the investment in operations.

There is a cost dispute between the Joint General Staff and the financial analysts of the three branches of the Armed Forces with regard to the pay career soldiers will receive. While the military body estimates the initial investment per future professional soldier at 12,500 pesos, the estimates of the branches range between 9,000 and 10,000.

This low-level polemic—the positions have not yet become irreconcilable—is probably the result of two different methods of calculation. The branches are, improperly, failing to include the employer's contribution for pension purposes, and there are errors in the operational cost estimates.

The EMC believes that the total personnel cost, employer's contribution included, will be 7,500 pesos, but it is budgeting 5,000 for operations. This latter figure is the important one for military purposes, because it is the one related to the structure for defensive warfare, which is the reason for the existence of the FFAA [Armed Forces].

This initial investment of 5,000 pesos declines in the second year, and so it continues throughout the rest of the contract. The discussion is reaching the settlement stage, so that it is probable that the branch analysts will accept the EMC figures. They have been drafted by men who have—at least some of them—many years of experience in the military personnel and statistical offices.

For this reason, Minister of Defense Oscar Camilion has said he expects that "in August or September, tentatively, we will launch the publicity campaign, making an appeal or issuing an invitation in this connection."

The statement by Camilion reflects the government determination that if there is to be a volunteer force under way by January of 1995, there must be a very forceful and attractive recruiting campaign in the final quarter of the year that will result in the enlistment of 27,000 young men.

The Army has determined that it needs 20,000 men for next year, while the Navy needs 4,000 and the Air Force 5,000.

Pay as the Incentive

The pay earned by the volunteers will be the most attractive aspect of the military package. Without a doubt, 450 pesos in hand is no small sum, particularly if the unemployment rate among young men and the fact that housing and food are provided are taken into account.

The criterion for the distribution of nonremunerative supplements will be the same for the volunteers and the military cadres. The volunteers will receive basic pay of 300 pesos, but those assigned to Patagonia or certain units in the North or the Andes Mountains will receive more. At least 60 percent of the military personnel receive substantial wage supplements. The same will be the case for the volunteers.

And, finally, the funds allocated for supplements to be paid to the military cadres total 200 million pesos. The

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commanders of the FFAA have ordered the distribution of 150 million among those who have opted to serve in the units farthest from the urban centers. This scheme will again be implemented where the professional soldiers are concerned.

Recruiting Campaign Previewed

94SM0421B Buenos Aires LA NACION 26 Jun 94 p 6

[Article by Eduardo Barcelona: "Soldiers' Pay—A Hook To Attract Volunteers;" first paragraph is LA NACION introduction]

[Text] The Incentives: The Armed Forces (FFAA) will offer to provide 450 pesos, housing, clothing, and meals in the hope of tempting young men.

Among the principal incentives the officials in the government and the Armed Forces plan to offer in order to persuade young men to enlist in what government circles are now calling professional military service include the pay, which for the most neglected, inhospitable, and distant areas will total 450 pesos, plus housing, clothing, and meals.

Basic pay will be 300 pesos, but the future professional soldiers will also receive the supplements to which others in the FFAA are entitled. They have to do with rent (for those who do not live in military housing), uniforms, and study courses.

Another of the lures those waging the campaign to recruit volunteers will dangle (the campaign will begin early in August, at the latest) is the possibility that these young men may become part of the United Nations peacekeeping forces. In fact, the Navy has already begun to make this a reality, since there is a large contingent of Navy volunteers in Cyprus. Each of them will return with almost $8,000 in his pocket.

There is a third factor that may be very appealing to young men. The majority of those who enlist will leave military service with skills they can use in civilian life. Minister of Defense Oscar Camilion explained that the volunteers will be trained in automobile mechanics, shipbuilding, cooking, optics, and other occupational specialties.

The unemployment rate among young men is frightening. It is estimated that 500,000 of them have no jobs. General unemployment has reached the level of 10 percent of the economically active population. The wage earned by the rural worker is 230 pesos, the vital minimum is 200, and the average wage in Argentina is 883 pesos, according to Adalberto Rodriguez Giavarini's study.

Drastic Upheaval

The president's decision to put an end to compulsory military service will bring about as phenomenal a change in the FFAA by the end of the century as could have been imagined. An army without soldiers has no reason to exist, but to continue with the system in effect would be like watching a death in slow motion. Professionalization of the Armed Forces will force the Argentine military and statesmen to effect the changes needed to justify the investment in national defense.

The Army believes that 9,000 pesos will have to be invested for each soldier enlisted to cover his pay, food, clothing, training, and health care. If the 25,000 men Camilion hopes to enlist are recruited, the cost will come to 225 billion pesos, according to the military estimates.

Fear of Change

The scenario the military circles fear, as the psychologists would say, has to do with the conduct of the professional soldiers when they find themselves assigned to units located at the most distant points, such as Rospentek, Puerto Santa Cruz, Covunco, and Las Lajas. In those parts of the country, there are few recreational facilities, and some of them hardly even exist as communities. How can the cadres maintain control over the young soldiers for months on end? In Rospentek, for example, it may be impossible to leave the barracks for six months because of the cold and the snow.

The second fear in uniformed circles goes back to the time of enlistment, because it will not be possible to send these young men home when money is lacking, as can be done with conscripts. In order to save on food on the weekends, soldiers are sent home to their families, but from now on these young men will have an employer called the Army, the Navy, or the Air Force. Some will be accommodated in their barracks on a full-time basis, while others will be granted leave. But for those in the units in the frontier areas and urban centers, going home will mean returning to military bed and board.

Soldiers' Pay Throughout the World

Country	Initial	With Supplement
Argentina	300 pesos	450 pesos
United State	$814	—
Great Britain	$1,000	$1,262*
The Netherlands	$500	—
Uruguay	$200	$220**

* In the third year
** Per year

Other Figures on Argentina		
Unemployment		10%
Rural worker's wage		230 pesos
Minimum wage	200 pesos	883 pesos
Average wage in Argentina		

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'Part-Time System' at Risk

94SM0421C Buenos Aires LA NACION in Spanish 26 Jun 94 p 6

[Article: "Second Jobs Prohibited;" first paragraph is LA NACION introduction]

[Text] Result: With the recruiting of professional soldiers, commissioned and noncommissioned officers will no longer be allowed to hold other jobs.

Now that the variable factors have been examined in detail and the figures analyzed, military personnel are beginning to rub their hands together in anticipation. This is because the professionalization of military service might force the state to increase military pay, which falls below the income levels for other government employees.

The recruiting of professional soldiers is creating a crisis in the "part-time" system that exists in the Armed Forces at present as a result of the low wages paid. A large proportion of the commissioned and noncommissioned officers hold second jobs in order to supplement family income.

This system, which developed out of necessity, beginning with the hyperinflation in May of 1989, and which the military leaders, because they were powerless, and the government, because it did not want to, never even thought to challenge, is on the point of breaking up.

It could end if and when the government is willing to grant increases to the military. Because no one believes anyone would be willing to abandon his second job without receiving some compensation. Unless military pay is updated, the professional service system could be very, very difficult to implement because the soldiers recruited cannot be left without officer cadres. At the present time, a military officer finishes his work in his unit and hastens to his other job. This will not be possible with the system to be implemented in March of 1995.

For this reason, there is speculation in the military today about the improved financial status to be expected in the future. Perhaps this will come about with the enlistment of the professional soldiers.

Volunteers Needed

94SM0421D Buenos Aires CLARIN in Spanish 5 Jul 94 p 12

[Text] The Armed Forces need 29,000 volunteers in order to be able to begin to implement the new system of volunteer military service scheduled to replace compulsory service. The new figure—it had been said earlier that only 25,000 were needed—was announced yesterday after the meeting the secretary for military affairs at the Ministry of Defense had with the General Staff commanders of the three armed branches and with the commander in chief. The fate of those who graduated in the 76th class in May depend on the recruiting of these volunteers.

The military machine has an operational need for 29,000 soldiers, according to the estimate the military authorities will send to the government next week. The fate of the graduates in the 76th class will depend on whether this number can be recruited, since they will be drafted into the Armed Forces if there are not enough volunteers.

This figure was announced yesterday at the end of a meeting attended by Secretary of Military Affairs Jorge Baeza; Lieutenant General Martin Balza, commander in chief of the Army; Admiral Enrique Molina Pico, commander in chief of the Navy; Brigadier General Juan Paulik, commander in chief of the Air Force; and Lieutenant General Mario Candido Diaz, chief of the Joint General Staff.

The officers warned that there has been a marked decline in the numbers of applicants to the Military College, the Naval School, and the Aviation School, where future officers are trained.

The military authorities fear that this trend will continue in August and September, when the appeal for future volunteers is to be launched. This information has now reached the ears of Minister of Defense Oscar Camilion, to whom the joint draft proposal of the three branches of the Armed Forces on the elimination of compulsory military service and the inauguration of a system of paid recruits will be submitted next week.

The Army announced yesterday that it needs 25,000 soldiers, while the Air Force and the Navy need 4,500 each. For the Air Force, this is 200 percent more than its current strength.

The expenditure required includes monthly pay of 400 pesos per soldier, plus social allocations, supplements, clothing, meals, and social assistance.

Only the Army is contemplating recruiting women to carry out various support tasks, a military source explained yesterday.

The spokesman also said that thought is being given to redesigning the barracks and converting them into housing units accommodating four or six individuals.

"If a volunteer signs on for four years, it is logical that we should provide him with privacy," the source in question explained.

The reconciliation of the drafts prepared by the three armed branches is the task of Rear Admiral Julio Lavezzo, who is in charge of human resources and logistics at the Joint General Staff. He has now prepared a draft that may be delivered to President Carlos Menem this evening during the fraternal Armed Forces dinner.

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Menem Initiates Recruiting Campaign

94SM0421E Buenos Aires CLARIN in Spanish 9 Jul 94 p 4

[Article by Atilic Bleta; first paragraph is CLARIN introduction]

[Excerpt] Tucuman—Carlos Menem launched the campaign to recruit voluntary soldiers in Tucuman yesterday, and he promised that those who enlist will receive pay and will learn a trade. The president came to this province after presiding at a meeting of the national cabinet in Corrientes. Tucuman Governor Ramon Ortega welcomed the president during a cabinet crisis.

The arithmetic is simple. The more volunteers there are, the fewer young people in the 76th class will have to do compulsory military service next year, and the greater the political effect of having eliminated compulsory service will be. For this reason, President Carlos Menem made an urgent appeal yesterday, asking the "young men of Argentina" to enlist in the Armed Forces.

"I have an announcement to make to our young people. Beginning this year, those who decided to enlist in the Armed Forces as soldiers will receive fair compensation." Menem made this statement in Tucuman in a kind of prelude to the forceful publicity campaign to recruit personnel the military authorities plan to launch in August or September.

Curiously, Menem first proclaimed the advantages of voluntary military service in one of the provinces in which the unemployment index is the highest. According to official calculations, it will be in these districts that the appeal will have the greatest effect.

Gazing out at the 400 persons attending a ceremony during which he conferred international status on the local Benjamin Matienzo Airport as having international status, Menem heaped praise on the military professionalization program the government has undertaken. And he commented that the volunteers "will have the opportunity to learn a trade, which will certainly serve them well in civilian life at a later date."

The president decided to put an end to compulsory military service despite some resistance from the Armed Forces, pertaining in particular to the time periods allowed for effecting the changes, following a national debate and the criticism of the current system provoked by the murder of the soldier Omar Carrasco in a barracks in the city of Zapala, Neuquen. [passage omitted]

Uruguayan Presidential Hopeful Ramirez Meets Menem

PY0308015894 Buenos Aires Radio Nacional Network in Spanish 1600 GMT 28 Jul 94

[Text] Uruguayan presidential hopeful Juan Andres Ramirez was received by President Carlos Menem today. The two leaders talked about a variety of topics, including international issues, relations between the two countries, the most important aspects of our regional integration, and points in the transformation processes facing the two nations.

Ramirez is a National Party presidential candidate and will be competing for the presidency in the 27 October elections. The Uruguayan leader said that he was optimistic about Mercosur [Common Market of the South], which is scheduled to enter into effect next year, adding that the presidents will iron out their differences during the upcoming summit in Buenos Aires. Ramirez refused to forecast who would win the elections in his country, because the campaigns have just started and will be very short, only four months long, he said.

Ramirez said that Uruguayans have the lowest unemployment rate of the past few years as a consequence of measures adopted by the Luis Alberto Lacalle administration. This is what Ramirez said about the process of change in Argentina:

[Begin recording] [Ramirez] From a general point of view, we Uruguayans have always followed events in Argentina with interest. Our links are too close to ignore news of Argentina and its people when we read the newspapers. We are aware of the concerns of Argentina's people and government. We do not look at them with surprise, except perhaps for things like this recent attack (on the Argentine-Israeli Mutual Association), which can shake any human being. In general, Argentina is showing how a country, a society, must behave in the midst of an increasingly competitive world. It is showing how you must walk toward modernization and a place among modern nations.

[Unidentified reporter] What can you tell us about the Uruguayan Government investigation into Palestinian communities in the (Chui) zone? It was said that some dangerous elements could have entered through Uruguay.

[Ramirez] I was Uruguay's interior minister for four years. I recall that we had close and intensive cooperation with the Argentine Government and police authorities during the episode involving the Israeli Embassy, trying to determine who could have come from our country to Buenos Aires, or which organizations could have come from other parts of the world to conspire against Argentina's internal security. At this time the Interior Ministry continues to investigate and cooperate, as is proper of any civilized nation, particularly because the Argentine Republic is a brother country. [end recording]

Ramirez said that Uruguay has no evidence that those responsible for the terrorist attack in Buenos Aires had come from Uruguay. Regarding today's reality in Uruguay, the National Party presidential candidate said that citizens in his country have been able to perceive an improvement in the standard of living following the

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implementation of President Lacalle's transforming economic policies. Ramirez added that Uruguay currently has the lowest unemployment rate of the past 14 years—approximately 1.8 percent—adding that the rate continues to drop.

Government Response to Agriculture Industry

Package of Measures

94SM0430A Buenos Aires CLARIN in Spanish 5 Jul 94 pp 18-19

[Text] With the Federal March under way, Cavallo promised a plan to revitalize the farm sector like the one he has already launched for the construction industry. To begin with, there will be a 60 percent cut in advance payments on the Value Added Tax (IVA), and the administration will submit a bill to forgive any back Social Security contributions owed by producers. But the organizations say the government forgot the most important part: the refinancing of debts. Volando threatens forceful measures.

The package the government offered to farm organizations yesterday smells stale. Many initiatives (such as the plan to forgive back Social Security taxes) had been announced as early as January. Another one, the plan to resume endorsing checks (to improve collections for products sold) was launched by Carlos Tacchi exactly one year ago, when the tax on bank debits, which justified the single endorsement, was repealed. But nothing happened on that, either.

Yesterday, however, Minister Cavallo appeared to have a sense of urgency: Just two days before the Federal March, he asked the four rural organizations to collaborate on a plan like the one that has already come out for the revitalization of the construction industry. He also promised to put together the announcements this very week. Furthermore, he got Aldo Dadone, president of the Nation Bank, to spend a day with them trying to find a solution to the debt refinancing.

One prominent feature of the package is the 60-percent cut in the advance payments that producers must make on the IVA they owe for cattle, pigs, wool, fruits, and vegetables.

"What we want to do is get the organizations to bury the hatchet and sit down at the bargaining table," confessed an official at the Casa Rosada.

Yesterday the minister met with the four farm organizations—the Rural Society, the Argentine Rural Confederations (CRA), Agricultural-Livestock Intercooperative Confederation (Coninagro), and the Agrarian Federation—with rarely seen enthusiasm, in spite of the soccer team's loss: "The discrimination against the farm sector is a thing of the past. The antiagrarian bias of the economic policy is a thing of the past. Now we have a new system of export reimbursement and we have put food prices on a par with the prices of finished industrial products. Yogurt, for example, gets an 18-percent reimbursement, just as much as a sophisticated industrial product."

This feat, in Cavallo's opinion, was made possible by the unprecedented rate of tax collections:

"I can give you these concessions because collections on the profits tax owed by individual persons have risen by 40 percent, and collections on that owed by corporations are up 80 percent."

This time there were proposals with obvious political motives. Two commissions were named so that the leaders and the government can study ways to simplify the tax structure in the farm sector and to streamline the system for handling complaints about imports of subsidized foods.

And the Secretariat of Agriculture was given a pat on the back and an increase in power: It will now control the entire chain of primary production, a task it used to share with the Secretariat of Commerce. This means a quicker reaction to dumping or subsidized imports. From now on, according to the vision of Agriculture Secretary Felipe Sola, there will be "an atmosphere that facilitates vertical integration between industry and producers."

But frustration was the prevailing sentiment among farmers union representatives. The package contained no response to their key demand: the refinancing of their debts. They have total liabilities amounting to $5.2 billion, calculates Coninagro, in what appears to be an endemic problem: "We are definitely going away empty-handed," declared Humberto Volando of the Agrarian Federation.

Among the announcements was one that went almost unnoticed: a change in the "health cut," as the new meat marketing system has been dubbed. Now sides of beef can be delivered to meat markets in any form, as long as the temperature inside each cut is 7 degrees when the meat leaves the plant.

Each representative of the farm sector yesterday spoke of where the hardships are. Leonida Gassoni of Coninagro stated that the credit issue has yet to be addressed: "We are asking the government to subsidize interest rates; that is the most direct and least costly solution: It would cost at most about $250 million."

"Do these announcements mean that there will not be any possibility of booing in Palermo?" Eduardo de Zavalia of the Rural Society was asked.

"The opening ceremonies at Palermo are a long way off."

Manuel Cabanellas of the CRA, whose organization is dominated by stockmen, said: "The reduction of advance IVA payments is a partial response to the call to eliminate that system."

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"You people emphasized the export reimbursements, and now they range from 4 percent for wheat to 18 percent for some dairy products," Volando was reminded.

"Yes, but they will not apply until 1995, and it is very difficult for exporters, without having that money in hand, to pass that on to producers by paying better prices."

The leaders were received by Cavallo at 0930. A few minutes earlier, photographers asked him to smile: "If we laugh, the producers will think we are betraying them," confessed Volando. At 1100 the minister went over to the Casa Rosada; he did not go to discuss the farm situation, but rather the intricate matter of bidding on the port. When he came back, he saw a priest dressed in a white cassock walking down the hall where his office is located: "He has come to give them the last rites," he joked.

[Box, p 18]

Farm Package

- Back Social Security contributions owed by producers will be forgiven; the administration this week will submit a bill under which farmers will not have to pay this debt in exchange for a proportional increase in the retirement age.
- Advance payments on the IVA levied on meats, wool, pigs, fruit, vegetables, and dairy products will be reduced.
- IVA tax credits up to $25,000 will automatically be returned.
- A $100 million guarantee fund will be set up, generating credits amounting to an additional $500 million at market rates (farmers are charged higher rates because of the risk involved).
- $500 million in mortgage bonds will be issued. Producers may renegotiate their old debts with these bonds, or may take out new loans, using the bonds as collateral.
- The farm sector will be excluded from the wealth tax.
- The "health cut" will be changed so that beef will no longer have to arrive at meat markets quartered and packaged. The only remaining requirement is the temperature of 7 degrees.
- Imports of fertilizers, agrochemicals, and seedlings for transplanting will no longer be subject to a tariff.
- The Secretariat of Agriculture will control the entire industrial and commercial chain for farm products. Regional products such as greens, wine, and sugar, which were outside its jurisdiction, will now come under it.
- A mixed commission (government and producers associations) will be appointed to monitor imports and speed up measures to combat dumping or subsidized imports.
- Another mixed commission will be established to simplify the tax system in the farm sector.

Demands of Agriculture

94SM0430B Buenos Aires LA NACION in Spanish 10 May 94 Section 2 p 5

[Excerpt] In a letter to the economy minister [in May 1994], the organizations stated they were submitting to the government a plan "that will make it possible to solve in the short term the serious difficulties that exist at present and to enable the farm sector to make the maximum contribution to national growth and development."

In exchange for the implementation of its proposals, the farm sector promises a 15 percent increase in production and a $2.4 billion increase in exports in the next two years.

The proposals are listed below:

- Guarantee widespread availability of long-term credit at international rates to finance the transformation process, boost production and productivity, and restore working capital.
- Refinance bank debts and back taxes and contributions at international rates, with a minimum term of 10 years, which can be extended to 20 years in special cases.
- Redefine the role of the official banking sector, devise mechanisms, and orient credit in such a way as to make it available to all producers as a function of the financial feasibility of the project in question, not just the collateral.
- Exclude land and all productive assets from the proposed tax on personal property.
- Permanently eliminate the taxes on assets, stamps, and gross income, independently of the Fiscal Pact.
- Adjust municipal rates to the real cost of the services provided.
- Reform the implementation of the rural IVA, permanently eliminating all kinds of withholding, collections, and payments on account.
- Order the suspension of the IVA on the sale of meats, livestock, and fruits and vegetables.
- Eliminate all export taxes and simplify the tax system.
- Include de facto agriculture-livestock companies in the reclassification of self-employed persons and forgive Social Security contributions owed by this sector, as promised.
- Adopt effective measures to prevent imports of subsidized goods or products sold at dumping prices, and reverse the order of presentation of evidence.
- Allow imports of tractors, agricultural machinery, trucks, and utility vehicles free of any surcharge. Eliminate all tariffs on agrochemical and fertilizer imports.
- Establish the necessary tax rebates to make it possible to export products originating in the regional economies.
- Adopt the necessary changes in the organization and administration of the Social Services Institute for Rural and Related Activities (ISSARA).

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- Guarantee funding to continue the Rural Change Program and the Agriculture-Livestock Social Plan, which may help alleviate the crises in this sector.

In the letter to Cavallo, the leaders explained that "producers who live in the countryside, take care of the land, produce goods all over the national territory, and, together with agroindustry, employ 37 percent of the Argentine work force, are offering the authorities a plan that will catapult farm production to record levels of exports as a result of a real revitalization of production. All we ask of the government is that it clear the way," they stated in conclusion.

Bolivia

Civic Committee Leaders Threaten National Stoppage

PY0308212694 La Paz Television Nacional Network in Spanish 1700 GMT 3 Aug 94

[Text] The civic committee stoppage is growing nationwide. Today the Santa Cruz and Tarija civic committees joined the stoppage, while the La Paz and Beni civic committees are scheduled to join the stoppage tomorrow and the day after tomorrow, respectively. Moreover, civic committee leaders were unable to reach an agreement with the government, and continue with their hunger strike.

In view of a lack of agreement on the revision of Articles 109 and 110 on decentralization, the civic committee stoppage is growing. The Santa Cruz and Tarija civic committees joined the stoppage today; the La Paz civic committee will join the stoppage tomorrow; while the Beni civic committee will join the stoppage on Friday.

Civic committee leaders claim that this decision has been made not only in view of the lack of government response on decentralization issues, but also because of the nonfulfillment of regional demands.

The La Paz civic committee stoppage on Friday is also due to the recent developments in Charana, where a local female civic committee leader was killed last weekend. In view of this a 30-day mourning has been declared at the departmental level. Local leaders also demand the clarification of this death because Mrs. Flora Apasa died from a bullet wound in her back.

Meanwhile, regional civic committee presidents continue to negotiate with the government regarding Articles 109 and 110.

[Begin La Paz Civic Committee President Roberto Freyre recording] The national civic movement is making every effort to exhaust all possibilities for dialogue. This must be made perfectly clear, as there are those who allege that we have resorted to measures of force without exhausting all channels of negotiation. [end recording]

The Chamber of Deputies is about to approve the constitutional reforms. The civic committee leaders state that if the Chamber of Deputies approves these reforms without reconsidering one of the three proposals on how to constitute departmental assemblies, they may just run out of patience.

[Begin Oruror Civic Committee President Alejandro Condarco recording] Instead of being patient, we may adopt similar positions to those currently adopted by the Santa Cruz and Tarija civic committees. This is the initial stage of what could occur at a national level: a complete stoppage. [end recording]

National civic movement leaders insist on three demands regarding the formation of departmental assemblies: 1) that they be constituted of citizens elected by direct vote; 2) that 50 percent of these assemblies be made up of notable citizens, and the remaining 50 percent of legislators; and 3) that the constitutional reform not amend these articles.

Civic committee leaders are categorically opposed to the idea that departmental councils be made up entirely of legislators. They argue that if this is the case the departmental assemblies will be at the service of political parties, and not at the service of the people's interests. In sum, they are struggling for their own survival.

Constitutional Amendment Bill Approved

PY0208233694 Madrid EFE in Spanish 0052 GMT 29 Jul 94

[Text] La Paz, 28 Jul (EFE)—The Bolivian Senate today approved a constitutional amendment bill which, after being approved by the Chamber of Deputies, will allow amendments to the current 1967 Constitution.

The bill approved by the Senate establishes a number of amendments to the Constitution but it does not include the one for which the Bolivian Government had fought hardest: Article 230, which establishes the mechanisms to amend the Constitution and which has prompted such a conflict over the past few hours that people were talking of the danger of "institutional instability."

The most important amendments approved refer to the extension of the presidential term from four to five years, and the municipal administration from two to five years.

Moreover, Bolivian citizens will exercise their right to vote as of 18 years of age instead of 21.

The amendment also includes important changes within the judicial branch following the creation of a Constitutional Court [Tribunal constitucional], a National Council for Magistrates [Consejo Nacional de la Judicatura], and the post of the ombudsman.

The Bolivian Government has been unable to reach consensus with the main opposition party, the Conscience of the Fatherland (Condepa) about the constitutional reforms, and has been unable to convince its main

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ally in Congress and the executive branch, the Solidarity Civic Union, to sit at the negotiating table with other parties.

President Sees 'No Need' for Cabinet Reshuffle

PY0308000094 Cochabamba LOS TIEMPOS in Spanish 25 Jul 94 p 1

[Text] Huayllamarca, La Paz, 24 Jul (LOS TIEMPOS)—President Gonzalo Sanchez de Lozada said today that in the second year of his administration, which begins on 6 August, there will be no need for a cabinet reshuffle because government plans are moving adequately.

He said: "I do not intend to do that. If adjustments were necessary I would do it but for the time being thing are going well. I believe we will see more action and effectiveness if we conclude the reforms and give more time for implementation."

Regarding his main political ally [Max Fernandez], the controversial brewery owner and leader of the UCS [Solidarity Civic Union], Sanchez de Lozada said this alliance is important for governing the country, adding that this is why understanding and links are established. He admitted, however, that it is a difficult process. He also pointed out that the UCS chief is "reaffirming his (political) position and relations with him will be less traumatic in the future."

Sanchez de Lozada said the country's economic situation is positive. He estimated that the second half of this year will be much better than the first due to the current stability, a lower dollar rate, and an improvement in salary purchasing power.

He said the planned 4 percent growth rate will be achieved, adding that the objective for the third year ("the year for harvesting results") is 8 percent with more jobs and services.

Sanchez de Lozada pointed out that because of various problems facing the legislative branch, the achievement of administrative decentralization will be difficult because the constitutional reform must first be approved and the procedural aspects must be assessed.

Regarding the conflictive drug enforcement issue and the problem of de-penalizing coca, Sanchez de Lozada said an international agreement must be reached, thus discarding any unilateral decision.

He said: This must be the result of an international agreement. Neither Bolivia, nor Colombia, nor any other country can impose it. Before I became president I said that prohibiting a vice generally invites the creation of mafias, violence, and the creation of illegal wealth. I would not wish this on Bolivia.

Until an international agreement is reached on this issue we must continue to struggle against trafficking, which is affecting our youth, our country, and our institutions. We will not weaken or postpone this fight. We are doing it, we are carrying it out but we must find alternatives, we want our people to find another type of activity and not get involved in coca growing or drug trafficking.

Poll Shows Decrease in President's Popularity

PY0208223194 Madrid EFE in Spanish 1826 GMT 2 Aug 94

[Text] La Paz, 2 Aug (EFE)—According a poll released today, Bolivian President Gonzalo Sanchez de Lozada has lost almost half of the confidence placed in him by the public that he enjoyed when he was inaugurated on 6 August 1993.

When he was elected last summer, 74.6 percent of the population had a favorable opinion of Sanchez de Lozada, but this percentage has now fallen to 49.6 percent according to a poll carried out by the Bolivian Catholic University (UCB).

In addition, the percentage of the public who had a negative opinion of the president increased from 25.4 to 36.5 percent during the same time period.

The UCB carried out a poll in August 1993 under the same conditions held now, in order to compare information.

According to this most recent poll, 42 percent of the population believe Sanchez de Lozada is not honest enough to be president, while in August 1993 the percentage of people with that opinion was only 23.8 percent.

The favorable opinion of the government fell from 75.4 to 39.1 percent, and the unfavorable opinion increased from 24.6 to 42 percent.

In August 1993, 47.8 percent of the Bolivian public believed "things would improve" under the Sanchez de Lozada administration, but this opinion is now supported by only 31.8 percent of the population.

The percentage of people who believe the country's situation will worsen has gone from 7.8 to 19.8 percent.

Regarding the people's belief in Congress and the political parties, the percentage has not changed much, from 40 percent in 1993 to 39 percent in 1994.

ΩPoll Shows Public Ill-Informed on Reforms; Officials React

94P21032

[Editorial Report] The Poll

A recent poll of La Paz residents indicated that the majority professes to know very little about the government's reforms and is lukewarm at best in supporting them. The La Paz daily HOY of 23, 24, and 26 June reported on a poll conducted recently by the Catholic University of Bolivia (UCB) among 400 La Paz residents on political perceptions. According to the daily, the poll

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revealed that, despite "a costly and massive propaganda campaign" by the government to explain the new Popular Participation, Capitalization, and Educational Reform Laws, residents of La Paz remained in the dark as to what the laws entail. HOY stated that the city of La Paz was chosen for the poll because it is the country's largest and most politicized city.

Regarding the Educational Reform Law, 65 percent said they knew "very little," about it, and 16 percent affirmed they "knew nothing"; nevertheless, 44 percent "supported" the law, and 20 percent thought it was the "government's best idea." HOY commented that this bill, which was promulgated by the president on 7 July, generated much protest from teachers but is the law most supported by La Paz residents. The Educational Reform Law aims at improving the quality of national education by extending its coverage and availability more equitably in rural and urban areas.

The Popular Participation Law had the support of 26 percent of those polled, while 45 percent were against it. The "rest" had no opinion or did not respond. However, 62 percent said they knew "little" about it, and 15 percent "nothing." HOY added that the Popular Participation Law, rejected only by some mayoralties, has already been promulgated by the Executive Branch and is currently being implemented. The law is supposed to distribute government resources nationwide on a more equitable basis and give more power to local communities in the management of these resources.

According to HOY, the poll revealed that the Capitalization Law was the least known: 52 percent said they knew "little" about it, 20 percent "nothing." Furthermore, 29 percent "supported" it and 32 percent said they were in disagreement. Those who "approved" thought this law, which entails the privatization of the biggest parastatals, would generate more resources and jobs. Political Reaction Deputy Sergio Medinacelli, of the opposition Movement of the Revolutionary Left (MIR), stated that the government's "apparent failure" to explain the reforms to the people was due to the "misuse" of the media, according to HOY of 24 June. He asserted that the government had limited itself to radio and television "slogans and captions" which could not even come close to explaining the profound changes contained in the Popular Participation, Capitalization, and Educational Reform Laws. "An explanation of the substance of these reforms should have been a priority," he declared, "and now the people haven't a clue." The government was not the only one at fault, however, continued Medinacelli. He also blamed both the opposition and ruling political parties, who are supposed to be the "interlocutors between society and the state," for failing to generate any debate on the issues.

Deputy Luis Eduardo Siles of the Nationalist Revolutionary Movement (MNR), the leading party of the government coalition, commented that the people will be aware of the changes only after they are implemented. He agreed with Medinacelli that the government's explanations of the reform laws have not been clear enough and that a large portion of the population knew little or nothing about what the reforms entailed.

Social Communications Minister Ernesto Machicao was more optimistic in his remarks to the 26 June HOY. He believed that the results of the poll were "positive" because they indicated that an "overwhelming majority"—8 out of 10 people—had some knowledge of the government reforms. Only a minority claimed absolutely "no knowledge." The minister explained that it was unrealistic to expect the public to have detailed knowledge of reforms which have only recently been approved.

Hugo San Martin, under secretary of the interior and the police in the Government Ministry, told HOY of 24 June that the UCB poll revealed that "many positive actions were being taken by the government," and that "the citizenry wholeheartedly supported the government's process of change." He said both the Educational Reform bill and the Popular Participation Law have the people's "full consensus" for their implementation.

Brazil

UN Envoy Justifies Security Council Vote on Haiti

PY0408034894 Sao Paulo GAZETA MERCANTIL in Portuguese 2 Aug 94 p 2

[Article by Maria Helena Tachinardi]

[Text] Brasilia—Brazil abstained from endorsing the UN Security Council vote that approved military intervention in Haiti for five reasons: Article 4 of the Brazilian Constitution states that Brazilian foreign policy must respect other peoples' right to self-determination and the principle of nonintervention; the OAS Charter also advocates respect for the principle of nonintervention; Chapter 7 of the UN Charter justifies intervention when the target country is threatening international peace and security—this, in the opinion of the Brazilian Government, is not the case of Haiti; had the Brazilian Government supported this resolution it would then have had to support other armed interventions to overthrow several other governments in the world; and the Brazilian Government believes that an additional period of three or four months should be allowed for the UN sanctions to yield the expected results.

One day after the vote cast at the United Nations by Brazilian Ambassador Ronaldo Sardenberg, Brazilian diplomats believe that despite upsetting the United States—which might have negative consequences—the vote on Haiti "has given excellent international standing to Brazil." An Itamaraty source said that even UN Security Council members that were in favor of the resolution congratulated Brazil.

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The Brazilian Government believes that the sanctions against Haiti have not been strictly enforced.

The discussion of the resolution on Haiti was a major test for Brazil which, as a nonpermanent member of the UN Security Council, has never been confronted with a similar case. Brazil was not a rotating member of the UN Security Council during the Gulf War. Now, in addition to being a nonpermanent member until December, Brazil is seeking a permanent seat, if the number of Security Council members is increased. This decision could be made next year.

Sardenberg said: "We are addressing this sensitive issue on the basis of conditions that have changed markedly in recent days, because earlier the idea had been to set up a 'reconfigured' UN peacekeeping force that would work for Haiti's recovery following the departure of its 'de facto' rulers. The focus of attention was, however, recently shifted toward immediately creating a multinational force that would intervene in Haiti. In light of this abrupt change in the terms under which the issue was being considered, Brazil now has serious difficulties with the proposed resolution, particularly with Paragraph 4, which uses language similar to that used in the resolution concerning the Gulf War, which was an altogether different situation both from the political and legal standpoint. The Gulf War occurred in a different regional and political framework; it was provoked by the invasion of one country by another; and at that time it elicited a strong reaction from the international community."

Brazil will be able to participate in Haiti within a UN peacekeeping force following the departure of the Haitian military leaders, just as happened in the case of Mozambique, where a Brazilian battalion has already been deployed as part of an operation that will cost the Treasury $40 million.

Government 'Knew Arab Terrorists' Planned Attack

PY0208220994 Madrid EFE in Spanish 1415 GMT 2 Aug 94

[Text] Sao Paulo, 2 Aug (EFE)—A classified document of the Sao Paulo Police Precinct for Racial Crimes, which was published today in the press, states that the Brazilian Government knew Arab terrorists were planning to attack "an Israeli installation in South America."

The document is dated 14 July, four days before a bomb destroyed the Argentine-Israeli Mutual Association (AMIA) in Buenos Aires, killing about 100 people.

The main objective of the attack was Jaime Franco, vice president of the Sao Paulo Israeli Federation.

The daily FOLHA DE SAO PAULO obtained a copy of the classified document and discovered that the Brazilian Government warned Sao Paulo State authorities of a possible terrorist strike.

Sao Paulo State Security Secretary Odyr Porto has told FOLHA that "the information was sent by the Federal Government from Brasilia."

Porto said he could not say whether the authorities warned other countries of a possible terrorist attack.

The mentioned document was written by Mauricio Jose Lemos Freire, the chief of the Sao Paulo Police Precinct for Racial Crimes.

"There are indications from abroad that the Arab terrorist organization Hizballah (Party for God) is planning to attack an Israeli installation in South America," the document states.

It adds: "The possible targets in Sao Paulo are the Israeli Consulate, and several religious and business organizations."

Freire believes the attack could have been "a retaliation against the recent events in the Middle East, like the Hebron massacre, the Israeli bombing of the Hizballah training camp in Lebanon, or the kidnapping (by the Israeli Army) of a Hizballah leader."

Freire then asks all addressees of the classified document to send him all information on the movement of "militants" (terrorists) and on the possibility of an attack.

Porto said: "All Sao Paulo police organizations were warned." He told FOLHA that the police reinforced their watch on religious, business, and social organizations of the Jewish community.

Other officials told FOLHA that the alleged terrorist threat was not discussed with the Civilian Police.

"I am member of the Civilian Police Council and this subject, which I consider extremely important, was not discussed there," said Police Inspector Nelson Guimaraes, the Homicide and Protection Division director.

The newspaper report states that the subject was handled by the Sao Paulo Police Precinct for Racial Crimes, which was recently created and is the first of its kind in Brazil.

This police precinct receives and investigates charges of discriminatory and violent actions against the Jewish, black, and northeastern immigrant minorities established in Sao Paulo.

The largest Brazilian Jewish community is established in Sao Paulo and comprises 120,000 people.

Iranian Embassy in Brasilia Releases Communique

PY0208190894 Sao Paulo AGENCIA ESTADO in Portuguese 1715 GMT 2 Aug 94

[Text] Brasilia, 2 Aug (AE)—The Iranian Embassy in Brasilia today released an official communique in which it "condemns any accusation by Israeli, British, or any other secret intelligence service sources about Iran's involvement with groups that committed the bomb

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attack in Argentina." The Iranian Embassy communique continues: "These accusations are hostile actions meant to harm the image of the Islamic Republic of Iran and its good relations with Latin American countries." The whole message reads as follows:

"The Embassy of the Islamic Republic of Iran categorically denies groundless articles on a relationship between those who committed the bomb attack in Argentina and the Embassy of the Islamic Republic of Iran in Brasilia, as published on several important Brazilian newspapers like FOLHA DE SAO PAULO, O ESTADO DE SAO PAULO, and O GLOBO, which cite articles in THE SUNDAY TELEGRAPH newspaper of London that are based on Israeli and British secret service sources.

The Islamic Republic of Iran condemns any accusation by Israeli, British, or any other secret intelligence service sources regarding Iran's involvement with groups that committed the bomb attack in Argentina. The Islamic Republic of Iran believes these accusations are hostile actions meant to harm the image of the Islamic Republic of Iran and its good relations with Latin American countries.

The spokesman of the Foreign Ministry of the Islamic Republic of Iran has denied any kind of Iranian involvement in the bomb attack on the Jewish Center in Argentina. The Islamic Republic of Iran condemns terrorist acts against innocent individuals of any faith or nationality and views accusations against Iran as a move to harm relations between Iran and Argentina.

The Islamic Republic of Iran is also a victim of terrorist actions and deeply understands the catastrophic state caused by terrorism and massacres. This is why we condemn all acts of terrorism, support all real efforts to eliminate terrorist actions, and are willing to cooperate in this effort."

$51.7 Million Debt 'Hinders' Foreign Ministry

PY0408022394 Sao Paulo AGENCIA ESTADO in Portuguese 1446 GMT 30 Jul 94

[Report by Cleber Praxedes and Sonia Silva]

[Text] Brasilia, 30 Jul (AE)—The Brazilian Government this year has an estimated debt of $51.7 million with the international organizations to which it belongs. Last year this debt totaled $8.9 million. In the opinion of several diplomats this situation hinders the strategic objectives of Brazilian diplomacy, such as a chance of obtaining a permanent seat on the UN Security Council, or the leadership of the World Trade Organization (WTO), to which Finance Minister Ambassador Rubens Ricupero aspires.

A report on the accounts of the Foreign Ministry that was drafted this week by Justice Marcos Vilaca of the TCU [National Accounting Office] warned that a delay in paying these contributions could have bad consequences for international projects. Vilaca also criticized the limited budget allocations to his sector. Vilaca's report was sent to President Itamar Franco, Senate President Humberto Lucena, Chamber of Deputies President Inocencio de Oliveira, Finance Minister Rubens Ricupero, and Planning Minister Beni Veras.

According to Vilaca, the Brazilian debt with the international organizations was already three years past due in 1992. Brazil could lose the right to vote in organizations such as the World Health Organization and the Pan-American Health Organization, and to the services rendered by them. "In 1992 episodes in which chiefs of mission were forced to pay for elementary expenses, such as light, water, and telephone bills, were frequent," Vilaca said.

He added: "The strange part of this story is that people like Ambassadors Marcilio Marques Moreira and Rubens Ricupero, as well as Senator Fernando Henrique Cardoso, all of whom headed the Foreign Ministry and occupied the most important position in the government's economic area, the Finance Ministry, did not become sensitive to Itamaraty's financial difficulties."

Currently Brazil still owes the 1993 contributions to several UN peace operations, including those in which Brazil has observers involved. The debt with the UN operation in Somalia totals $1.9 million. In the case of the UN Temporary Authority in Cambodia, the debt totals $2.3 million.

Vilaca believes that the situation could reduce Brazil's chances of acting in projects deemed indispensable, such as the Common Market of the South, the Community of Portuguese-Speaking Peoples, and the expansion of the trade promotion program. "Brazil is one of the few developing countries that has consolidated its regional space and is fully present in the international community," Vilaca said. He pointed out that the opening and modernization of the Brazilian economy has increased the interest of foreign officials and investors. He said that Itamaraty has very acute economic and financial limitations "exactly when the increasing internationalization of the Brazilian economy and the country's presence in all parts of the world require that the sector increase its activities."

IDB Reforms Opposed for Technical, Political Reasons

PY0208214594 Sao Paulo GAZETA MERCANTIL in Portuguese 28 Jul 94 p 5

[Article by Maria Helena Tachinardi]

[Text] Brazil, which lost the position of operations manager in the Inter-American Development Bank (IDB), the third most important position in the bank's hierarchy, has voted against the institution's reform due to formal, technical, informal, and political reasons.

According to a government source, the reasons why Brazil voted against the reform were the following:

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- "During the past few years the bank had an exceptional performance in the areas of contracted volume and disbursements, perhaps its best period in history. A reorganization as deep as the one proposed will certainly disorganize the bank for a long period, significantly hurting borrowers."
- Brazil believes that a bank reorganization as thorough as the proposed reorganization is not necessary (more efficiency, less bureaucracy). The objectives established in the eighth chapter on IDB capitals restitution (with respect to social, poverty, and environmental projects) can be accomplished through administrative adjustments, and particularly by modifying project analyses and programming proceedings, which have little to do with formal structures, argues the Brazilian position for voting against the bank's reform, a move headed by the United States.

Besides the technical reasons described with the vote, or the argument that a reorganization will increase costs, there is obvious difficulty in handling the loss of the position of manager of operations, which Brazil has always occupied. "The department of the operations manager could be reorganized with the incorporation of experts and specialists working at the analysis management department. This managerial position would include the entire project cycle, from analysis to implementation, taking full care of the question of 'accountability.' The manager of operations would have three subregions (just as it is organized today) which would be directed by regional managers under the coordination of the manager of operations, which would thus take care of the question of country focus," the Brazilian Government explains in its vote against the IDB reform that was approved last week.

Official sources said that the IDB administrative reform was a kind of U.S. "move to take over." Treasury Under Secretary Larry Summers recently said that the U.S. Government wants to see financial organizations in a role similar to that fulfilled by security organizations during the Cold War.

Brazilian sources understand that due to U.S. influence, which from the bank's vice presidency has overall vision of all bank activities—a capacity lost by Brazil—there will be more conditions for borrowing countries. There will be emphasis in issues such as the need to reform the state, trade and economic opening, privatization, environment, integration, and commerce.

Bill Clinton's Democratic administration wants to reedit John Kennedy's Alliance for Progress with the support of a reorganized IDB, with a OAS that as of September will be conducted by former Colombian President Cesar Gaviria, who supports U.S. proposals in this respect, and with the guidelines resulting from the hemispheric conference organized by the U.S. President for 9 and 10 December in Miami.

The U.S. Government asked the IDB to study a possible subsidy for the hemispheric summit. According to Ronald Scheman, the American director of the IDB, who is currently visiting Brazil, the OAS and the Economic Commission for Latin America (ECLA) are also giving subsidies to the Bill Clinton administration. "The IDB will have an influential role in matters such as commerce, integration infrastructure, transportation, energy, industrial infrastructure, social topics, civilian society, the environment, state modernization, the private sector, health, and education," Scheman told this daily. He said the IDB reform was necessary to make the institution "more efficient, simplify proceedings, and reduce bureaucracy." Scheman said Brazil will not be hurt by the reorganization, it will be heard more quickly. According to a government source, despite having lost the position of manager of operations, Brazil has kept its projects under evaluation by the regional managing office currently headed by Ricardo Santiago.

Another Brazilian source commented that IDB disbursements will fall with the bank's reform this year.

"We will not be able to fulfill our goal of disbursing between $3 billion and $4 billion. The IDB stopped this operation six months ago to discuss the reform. We think it was a mistake," the source said.

Palmeira Resigns as Cardoso Running Mate

PY0308202894 Brasilia Radio Nacional da Amazonia Network in Portuguese 1100 GMT 3 Aug 94

[Text] Senator Guilherme Palmeira is no longer Fernando Henrique Cardoso's running mate. His resignation was announced last night following a meeting of Cardoso's campaign leaders in Sao Paulo. In an official statement Palmeira states that he is leaving in order that he might not harm Cardoso's candidacy. Palmeira also promised to prove that he has no connections with the corruption case that affects his assistant Carlos Abrahao and the Servia construction company.

Marco Maciel Chosen as Replacement

PY0308203794 Sao Paulo AGENCIA ESTADO in Portuguese 0340 GMT 3 Aug 94

[Text] Brasilia, 3 Aug—Following a meeting of nearly four hours, the PFL [Liberal Front Party] decided at midnight to nominate Senator Marco Maciel (Pernambuco) as the new vice presidential candidate on the ticket of Fernando Henrique Cardoso, thus replacing Senator Guilherme Palmeira (Alagoas) who must present his resignation letter today.

Among those under consideration, in addition to Maciel, were Gustavo Krause and Roberto Magalhaes, both from Pernambuco. The wishes of Bahia Governor Antonio Carlos Magalhaes prevailed when he closed the issue by choosing Maciel.

Before the final decision was made Fernando Henrique Cardoso, who was following the meeting by telephone from his apartment less than 200 meters from where the

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PFL leaders were meeting, suggested Deputy Luis Eduardo Magalhaes, (PFL-Bahia). His efforts came to no avail. Luis Eduardo would not accept the nomination even when his father, Governor Magalhaes, asked him over the phone to do so. Luis Eduardo Magalhaes preferred that Marco Maciel become vice presidential candidate.

PRN Expels Own Presidential Candidate

PY0408013994 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 3 Aug 94

[Text] The National Reconstruction Party, PRN, has expelled its presidential candidate Walter Queiroz from the party. PRN President Daniel Tourinho said that Queiroz had violated the PRN's basic principles.

Tourinho has already notified the Superior Electoral Court of Queiroz's expulsion, and has requested that Queiroz be disqualified from participating in the free electoral time assigned to the PRN on radio and television.

Mercadante Not Officially Registered as Candidate

PY0308210594 Brasilia Radio Nacional da Amazonia Network in Portuguese 1100 GMT 3 Aug 94

[Text] A TSE [Superior Electoral Court] judge has approved the complaint filed by the Fernando Henrique Cardoso coalition. This means that Deputy Aloizio Mercadante will not be able to appear in the free electoral propaganda time as Lula's vice presidential running mate until he is officially registered in the TSE.

This prohibition against Mercadante was decided on last night by Judge Torcuato Jardim when he approved the complaint by the coalition supporting Cardoso. Senator Paulo Bisol has not yet officially tendered his resignation before the TSE, nor has Mercadante asked to officially register as vice presidential candidate. This was the argument used by the coalition supporting Cardoso, claiming that it is an irregular situation. Cardoso's coalition believes that the Popular Brazil Front has two vice presidential candidates: a legal one and a de facto one. This creates an unequal stance among the parties and coalitions that are running in the elections.

Catholic Church Given 'Green Light' To Back Choices

PY0308220794 Rio de Janeiro JORNAL DO BRASIL in Portuguese 30 Jul 94 p 6

[From the "JB Report" column by Ronaldo Brasiliense and Anabela Paiva]

[Text] In allowing priests to publicly announce the names of their favorite candidates, Bishop Luciano Mendes de Almeida, president of the CNBB [National Conference of Brazilian Bishops], has given the signal for the Catholic Church to join the electoral campaign.

The progressive sectors of the Church, which were responsible for Lula's participation in the second round of the 1989 elections, will announce their choices and influence part of the Catholic electorate.

Father Ricardo Rezende of Rio Maria (Para State), who is included on the list of priests threatened with death, said: I will vote for Lula for president.

In Sao Paulo, the largest electoral college in the country, Father Betto distributes books and preaches support for Workers Party candidates. Even Cardinal Paulo Arns has mentioned that he will vote for Fernando Henrique Cardoso.

The green light given by the CNBB president may also help the Pastoral Commission for Land Affairs, the Native Missionary Council, and the Ecclesiastical Base Communities to join the campaign and bring with them a contingent of over 4 million people—all of them supporting Lula.

Free Electoral Space on Radio, TV Begins

PY0208204494 Brasilia Radio Nacional da Amazonia Network in Portuguese 1100 GMT 2 Aug 94

[Text] The candidates for the 3 October elections began to appear today on radio and television within the free electoral propaganda time space. The program began with the candidates to the Federal Chamber of Deputies, state legislative assemblies, and the Federal District legislative assembly.

The 3 August program will be for the nine candidates for the office of president of the Republic. The first one to speak on 3 August will be the candidate for the Popular Brazil Front, Luiz Inacio Lula da Silva.

On radio, the electoral propaganda will be transmitted from 0700 to 0800 [1000 to 1100 GMT] and from 1200 to 1300 [1500 to 1600 GMT]. On television it will be transmitted from 0700 to 0800 [1000 to 1100 GMT] and from 2030 to 2130 [2330 to 0030 GMT].

The presidential candidates will begin appearing on the electoral propaganda as of 3 August on alternate days.

Until the seventh free electoral propaganda program [8 August] the candidate for the PSDB-PFL-PTB [Brazilian Social Democracy Party-Liberal Front Party-Brazilian Labor Party] alliance, Fernando Henrique Cardoso, will appear alone on his program without the presence of his vice presidential candidate, Guilherme Palmeira. Cardoso will begin his program with a clip in which singer Dominguinhos sings the jingle [preceding word in English]: Raise Your hand.

Cardoso's campaign coordinators reported that Cardoso will discuss five subjects: health, security, agriculture, employment, and education.

Transmission Times Established

PY0308215994 Sao Paulo GAZETA MERCANTIL in Portuguese 1 Aug 94 p 3

[Article by Valeria Fernandes]

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[Text] On 2 August the candidates in the 3 October general elections will begin to share, at peak hours, two daily hours of transmission time on national radio or television hookup. This is the decisive stage in the campaign, and despite the limitations imposed by the Superior Electoral Court (TSE) on the production of their programs, the candidates for president of the Republic expect significant changes in the fight for voters.

Workers Party (PT) presidential and vice presidential candidates Luiz Inacio Lula da Silva and Aloizio Mercadante expect to explain during their programs the replacement of Senator Jose Paulo Bisol and the position of the Popular Brazil Front regarding the Real Plan. Fernando Henrique Cardoso, who runs for the PSDB-PFL-PTB [Brazilian Social Democracy Party-Liberal Front Party-Brazilian Labor Party] alliance, will attempt to maintain a strong link between his image and the Real Plan.

The other candidates, mainly Orestes Quercia from the PMDB [Brazilian Democratic Movement Party] and Leonel Brizola from the PDT [Democratic Labor Party] will stake everything on the few minutes they have available. Both consider themselves charismatic politicians and good speakers.

Campaign on Television

Free propaganda time will be transmitted at the following hours on the following days:

Candidates for president: from 0700 to 0730 on radio and television; from 1200 to 1230 on radio; and from 2030 to 2100 on television; on Sundays, Mondays, Wednesday, and Fridays.

Candidates for governor and senator: from 0730 to 0800 on radio and television; from 1230 to 1300 on radio; and from 2100 to 2130 on television; on Sundays, Mondays, Thursdays, and Fridays.

Candidates for deputies: from 0700 to 0800 on radio and television; from 1200 to 1300 on radio; and from 2030 to 2130 on television; on Tuesdays, Thursdays, and Saturday.

Chile

Figueroa: Government Endorses UN Decision on Haiti

PY0308193194 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1800 GMT 3 Aug 94

[Excerpts] Chilean Foreign Minister Carlos Figueroa explained that the horrific violation of human rights in Haiti had prompted the United Nations to approve an invasion of that country. [passage omitted]

Figueroa explained that Chile endorses the UN decision to invade Haiti because the human rights situation in that country is unsustainable:

[Begin Figueroa recording] According to information from our ambassador in Haiti, every day you see the corpses of adults and beheaded children used as a means to frighten the people of the country. [end recording]

Foreign Under Secretary on Military Intervention in Haiti

PY0308151194 Santiago EL MERCURIO in Spanish 16 Jul 94 p D7

[Interview with Foreign Under Secretary Jose Miguel Insulza by Elia Simeone; place and date not given]

[Text] [Elia Simeone] How does Chile feel about a possible military intervention in Haiti?

[Jose Miguel Insulza] In view of the rumors in this regard, we have stated, in the first place, that we are against any unilateral intervention because we believe that no country or group of countries—under any circumstance—can abrogate to themselves the right to intervene in the domestic affairs of a third country. Despite the fact that we condemn the current situation in Haiti, especially the deterioration of human rights and the illegal status of the current government authorities, we are against a unilateral intervention or an intervention outside the framework of the international organizations. We believe the sanctions should be given more time to work.

We have also stated that if the appropriate multilateral organizations, the UN Security Council in this case, decide to carry out a joint action, Chile will naturally support it because it was taken within a sovereign, respectable UN body. But, in any case, we will not participate with any type of resources in an operation of this nature.

[Simeone] Despite the fact that Chile will not participate in a possible military intervention, wouldn't sending men and resources to cooperate in the future reconstruction of Haiti represent a violation of the principle of nonintervention?

[Insulza] No, that is a different issue. In principle we do not oppose, we do not reject, multilateral interventions adequately approved by international organizations by virtue of agreements signed by Chile. Therefore, if mechanisms provided for in the UN Charter regulating this type of action are put in motion, we may say that it should not have been done, that it was not the appropriate moment or, regarding an eventual intervention, that it was not justified, but we have no other alternative but to respect the decision in view of the international agreements we have signed. The UN Security Council is in charge of making these decisions in view of the power we have granted it through treaties signed. It is quite different than not being willing to participate in an action of that nature.

Now then, if the democratic government were restored in Haiti, naturally we would be willing to give a hand.

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Moreover, we have cooperation plans in mind that were drafted more than a year ago to cooperate with the Haitian democratic government once democracy was restored.

[Simeone] What does that plan consist of?

[Insulza] It is a series of cooperation plans for the health, education, infrastructure, and state affairs fields. The plan was drafted within the framework of the UN-OAS. These organizations summoned a series of countries to make proposals when there was a chance of restoring democracy in Haiti and there was a plan that was supposed to be fulfilled. But the military changed their minds, democracy was not restored and, therefore, no reconstruction plan was implemented.

[Simeone] What about Dante Caputo's efforts; have they failed?

[Insulza] The military believe his negotiations have concluded. Therefore, I believe they could be resumed when a minimum condition for dialogue is restored.

[Simeone] Don't you think President Jean Bertrand Aristide's stance is contradictory? Until a month ago he was in favor of an invasion when he talked about the need for "major surgery," and now he says he is against it and does not want foreigners in his country?

[Insulza] I did not know that. It can't be easy at all for any president, no matter how legitimate he may be and no matter how tyrannical the government ruling his country may be, to request a military intervention.

[Simeone] Don't you think Aristides, his legitimacy and ability to resume the leadership, are factors that further complicate the restoration of democracy?

[Insulza] Nobody doubts he was elected democratically. At this point, if we were to start wondering whether or not he is a good president, we would be looking into the past, which was not any better. President Aristides was elected democratically by the people of Haiti and has the right to end his mandate. The Haitian people will judge him.

Arica Calm After 'Completely Peaceful' Strike

PY0308221194 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 3 Aug 94

[Excerpts] Following yesterday's strike Arica inhabitants are now awaiting the government's answer to their demands. On the other hand, they have threatened to adopt new measures which could include a plebiscite.

Activities in Arica today are developing normally. Its 175,000 inhabitants have calmly resumed their usual activities. Nobody would believe that only 24 hours ago this city was completely paralyzed.

The successful strike was celebrated with a massive rally, the largest in Arica's history. The organizers maintain that over 10,000 people participated in the event, while Arica authorities say there were 6,000. Whatever the number may have been, and despite its magnitude, the event developed without incidents, only a barricade that was set afire rather to bother people than to protest.

The strike was assessed today, and local authorities as well as those in charge of organizing it agreed that it was a success and completely peaceful. Now Arica inhabitants are awaiting the government's response to their demands, especially those referring to custom tariffs, resources for generating new job opportunities, and the establishment of a free zone for tourism, which were requested months ago. [passage omitted]

Arica inhabitants are not willing to wait long. The strike and the demonstrations have given them a sense of power that they believe is stronger than any denial. [passage omitted]

Bolivia's Cardenas Ends Visit, Addresses Senate

PY0308234694 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 3 Aug 94

[Text] Bolivian Vice President Victor Hugo Cardenas concluded his visit to Chile with an address to the Chilean Senate during which he appealed for an end to disagreements between the two nations.

Cardenas, in an unprecedented event in the history of the two countries, was received by a special Senate session. Senate President Gabriel Valdes praised Cardenas' struggle to restore democracy in Bolivia and obtain recognition for the Aymara indigenous peoples rights.

Cardenas referred to the new climate of understanding that prevails in the relationship between Bolivia and Chile.

[Begin Cardenas recording] For God and our peoples' sake, how long will Chile and Bolivia continue separated and living back to back? I want to express my gratitude for this opportunity to become directly acquainted with you and the respectful institution that is the Chilean Congress [words indistinct]. [applause] [end recording]

As he was leaving Chile, Cardenas said a new era of Chilean- Bolivian relationship must be based on friendship and mutual respect as well as a strengthening of trade and political ties.

Colombia

More Members of President-Elect's Cabinet Announced

PA0408030794 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0200 GMT 4 Aug 94

[Report by Yamid Amat from the "CMI Newscast"]

[Text] The "CMI Newscast" tonight learned the names of the new members of President-elect Ernesto Samper's cabinet. Add the following 10 names to the five names that are already known:

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The mines minister is Luis Eduardo Cock, a Liberal from Antioquia.
The communications minister is Armando Benedetti, a Liberal from Atlantico.
The development minister is Rodrigo Marin Bernal, an independent Conservative from Caldas.
The agriculture minister is Cecilia Lopez, a Liberal from Atlantico.
The health minister is Maria Teresa Forero de Saade, a Liberal from Cundinamarca.
The environment minister is Laura Ochoa de Ardila, a Conservative from Valle.
The education minister is Antonio Hernandez Gamarra, a Liberal from Magdalena.
The transportation minister is Juan Gomez Martinez, a Conservative from Antioquia.
The foreign trade minister is a Conservative, but our sources did not have his name. This is the only one we are missing.
The labor minister is (Arturo Saravia Peter), a Liberal from Atlantico.

President-elect Samper has given four cabinet posts to the Conservative Party, three to women, and four to the coastal departments, that is, three for Atlantico Department and one for Magdalena Department.

President Gaviria Reviews Term in Office

PA0208140094 Santa Fe de Bogota EL ESPECTADOR in Spanish 29 Jul 94 p B-3

["Part One" of interview with President Cesar Gaviria by Henry A. Rodriguez and Carlos Murcia, EL ESPECTADOR economic and political editors, in Santa Fe de Bogota; date not given]

[Text] [EL ESPECTADOR] Will you feel nostalgic when you leave office?

[Gaviria] I will leave with some nostalgia and much satisfaction.

[EL ESPECTADOR] What satisfactions do you have?

[Gaviria] I wanted to obtain certain goals I mentioned throughout my presidential campaign and in my inaugural speech, and we worked on and secured these objectives throughout these years, even at difficult and disheartening moments for the government. The country increasingly endorsed these objectives.

A spirit of change began to bloom in the country. I saved the Constitution and set in motion model economic changes. Colombia feels it is moving in a positive and correct direction. It is not that problems have been resolved. Problems are never resolved, and new ones always arise, but the country has found a way to change peacefully and democratically, even with a basis on agreements, and this is something we never had before. The country had other big adjustments in 1936 and in 1986, but those two were traumatic processes that produced many confrontations.

[EL ESPECTADOR] The country has changed, but the concentration of wealth remains as before, or perhaps it is worse now.

[Gaviria] This recent process of openings and internationalization has produced this kind of criticism throughout Latin America in general. The truth is the process of economic opening is antimonopoly and breeds competition. Colombian consumers now have more possibilities to protect themselves and have more options. There is practically no enterprise without competition in Colombia. All the monopolies, all the sectors closed to competition are now open; thus, the opening has had nothing to do with the concentration of wealth. It parallels this concentration. International competition creates the need for bigger and more competitive enterprises, and it is here where the need for merging capital and promoting big companies arises.

Worse than a distribution of income, which has not happened, what has happened is that a general valorization of economic assets has led to the enhancing of Colombia's fortunes. They are greater at all levels, not only among the most wealthy people. Valorization has occurred among the middle class and in all sectors.

I am not going to deny there is a poor distribution of income in Colombia as in the rest of Latin America. This situation must be faced and resolved by regulating laws and efficiently managing the tax system, not through arbitrary actions by the president or his ministers. Public officials cannot be invited to commit abuses, to exclude a group or sector from a public decision, because this behavior contradicts the Constitution. People like to adopt positions in this country, but we have been unable to design a legal formula to face this problem of poor distribution. Through the decrees of modernization, we were severe in tackling the abuses committed by monopolies, and we passed drastic decrees, but no one was interested.

[EL ESPECTADOR] Was your government mediocre regarding social spending?

[Gaviria] We increased social spending by 50 percent. This increase was possible, because, among other things, public revenues increased. Despite the increase in funds assigned to security and justice, we were also able to increase social spending. We reformed several strategies, created a housing subsidy policy, and we emphasized basic health and other processes that are beginning now. Secondary school scholarship and health programs stand on subsidy policies. We implemented policy changes that will make social investments more efficient in the future.

We also worked hard to attract private investments to the infrastructure, electrical energy, telecommunications, and the road sectors, and because of this effort, there will be more resources for social investments. I hope the next administration will make much more progress.

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[EL ESPECTADOR] You are turning over the administration with a high rate of unemployment.

[Gaviria] First, we never set a goal. One million jobs were created during these four years. There has been a significant drop in the unemployment rate from August 1990 to this year. There were highs and lows during the period. The Colombian economy was able to undergo a complete transformation and reconversion. The opening of the economy has generated jobs. Many more jobs were created this decade compared to the previous decade. We are not worried. We believe, obviously, if the economy continues to grow with the vigor of 1993 and behaves as it has in 1994, unemployment rates in Colombia are going to drop.

[EL ESPECTADOR] Was there a lack of government resolve to tend to agricultural and cattle-raising problems?

[Gaviria] The 1992 agricultural crisis was not due to the opening of the economy. The opening has had very little effect and on very few products. The serious situation in 1992 was due to the dramatic drop in international prices, to an intense drought, and to the relative revaluation, to a certain extent, that took place. This revaluation had a greater effect than what the opening of the economy had. Under similar rules and with plans of reactivation under better climatic conditions and amid an international process of price recovery, agriculture underwent a radical change in 1993 and 1994. I believe there is a reasonable framework now. What we have here are great subsidy expectations, which, in my opinion, are difficult to fulfill. I hope the new administration will find the funds for this process. These monies can be reoriented toward reconversion, irrigation, infrastructure. But in an agricultural sector, which has such an effect on the GNP, and with so many social needs, a massive subsidy policy is something serious to have.

[EL ESPECTADOR] Why was the finance and public credit minister allowed to hold his post for four years if he argued with everyone in Colombia?

[Gaviria] I once heard a wise phrase by Senator Renan Barco, which he borrowed from the English: "A president does not change the finance minister unless he changes policy." One does not change finance ministers just because they argue or because they may be unpopular under certain circumstances.

[EL ESPECTADOR] The latest polls indicate Colombians do not notice any reduction in corruption.

[Gaviria] Colombians believe corruption is a serious problem. This issue is something that needs to be tended to. People appreciate the state efforts of modernization, which are aimed at eliminating licenses and even dismantling certain institutions where permits and licenses caused long lines. In addition, the creation of a Prosecutor's Office and greater powers bestowed on the Comptroller General's Office help fight corruption.

[EL ESPECTADOR] Do you believe Andres Pastrana made a mistake when he revealed the narcocassettes?

[Gaviria] That is up to you to decide. I have taken care not to express an opinion on what the presidential candidates for these elections have to say. I never did so during the campaign. I have tried not to do so as president, and I should only do so as a private citizen. I am responsible for what I did and said, and I have great confidence President Samper will continue the struggle Colombia has carried out against drug trafficking.

I have been quite categorical in pointing out the United States is wrong when it tries to make believe antidrug trafficking policies are the result of an American imposition and not due to our will and resolve. We understand the struggle against drug trafficking as something we do alone, in an action in which we are partners and not anyone's apprentice. Frankly, I cannot understand why it is not understood the new administration needs a waiting period. I am very confident and am sure the antidrug struggle and policy will have continuity." [no opening quotation mark as published]

[EL ESPECTADOR] What do you think about how Samper has handled this situation?

[Gaviria] We must understand that internationally we are going to have problems. We have had them in the past and we will have them in the future: in human rights, drug trafficking, or the environment. The situation of violence in Colombia is very difficult to understand from the outside. This is why we must work continuously so that the media do not show only the negative side; this is really pretty complicated. We have tried to get them to show all of Colombia's facets, with its problems but also with its huge advantages and virtues. The Colombia that thrives, that works, that is optimistic, that grows, that has an immense majority of decent, hard-working people. In this regard, we have had our good times as well as our ups and downs. Right now we're in some ups and downs, but I hope that in a few weeks we will get back to where we were, because we had made a great deal of progress.

[EL ESPECTADOR] This government made a great deal of progress in the struggle against drug trafficking. But not much was done against the Cali Cartel...

[Gaviria] The Cali Cartel's financial structure has been dealt severe blows, and there have been some important arrests, like that of the Urdinolas. It is true, however, that for a long time the dismantling of Pablo Escobar's organization had top priority. After that, much of this effort has been directed toward the other cartels, toward those of the Valle, toward people who operate in the former Caldas. Achievements in these arenas have been more limited. But I am certain that if the Colombian state continues in that struggle it will also dismantle those cartels.

[EL ESPECTADOR] Do you trust the police director?

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[Gaviria] Yes, I do. We trust him now, and we have trusted him in the past. This is why he holds that post. We were distressed by the way he was treated in Washington, the way in which the trip came off, and the things that happened. The truth of the matter, however, is that the incoming president must decide about the military authorities. My mandate is ending; I am not the one to say who should be the generals, or who trusts them. I am leaving, and I am pleased with the job we did on many fronts. The Colombian Police organization is a world model for its struggle against drug trafficking, for its expertise, its capacity, and its training.

[EL ESPECTADOR] You have been an ardent fan of the Colombian soccer team. After the disaster in the United States, what's going to happen to Colombian soccer? What should be done?

[Gaviria] Colombian soccer has made a lot of progress. It is on the same level as the best teams in this hemisphere. What happened in the United States cannot make us forget that Colombia is playing soccer well, that it has won many international victories in the last few years. You can't think that Colombian soccer has gone down the drain because we didn't make it to the second round of the World Cup. The team failed mainly because of psychological reasons and a lack of preparation. Technically, they were well prepared, but the combination of the threats and the loss of the first game made them lose again. Maybe this was because psychologically they were not well prepared. I can say this because I was there before the game against the United States. The national team was disheartened, in comparison to their enthusiastic mood before the game against Switzerland. The national team failed, but this cannot lead us to conclude that everything gained up to now has been lost. Colombian soccer is going through a good stage, it has made a great deal of progress, and in the future it will win many victories. The national team must be reconstituted, and it must take off again.

[EL ESPECTADOR] The problem is more serious than that. How can all that hot money be washed out of soccer?

[Gaviria] We must try. The nation should take up the task of removing soccer from that world of suspicion or fears that the mafia has got its hands in or an interest in soccer. I believe this is the essential issue in renovating our nation's soccer.

[EL ESPECTADOR] Do you think the Constituent Assembly did right in prohibiting reelection of a president?

[Gaviria] I think this measure should remain in the Constitution for awhile. This was a mature decision by the Constituent Assembly. This issue was debated and discussed in Colombia for several decades; a decision was finally made that deserves a chance to be evaluated.

[EL ESPECTADOR] Does that take away from the nation the option of reelecting a good president?

[Gaviria] Yes, it does. But we cannot go running to change the Constitution. Frankly, I believe the nation has to test this. A change of this nature cannot be considered in relation to a single person; rather, that measure should exist, as it seeks to renovate the political party process. This process is being carried out successfully.

[EL ESPECTADOR] Do you believe the guerrillas outsmarted your government and the nation?

[Gaviria] Our peace policy has been devoted basically in strengthening the public forces and justice by investing in society. We have kept the doors open to a political solution for anyone who wanted peace. Several groups had made peace with this government, and they have been reincorporated into public life. I believe the guerrilla groups have been preparing for almost two years for these operations of the past few days. They have also shown that they have a significant capacity for disrupting Colombia's public and regional life. But society cannot turn back; it cannot allow itself to be intimidated. Nor can it accept that barbarism is an argument for sitting down at the negotiating table. I believe that the community has to demand peace gestures, as it has in the past few years. It must be clear that if the guerrilla sits down at the table it is with the intention of reaching an agreement and that if an agreement is reached, weapons must be laid down. Of course, one can make deals and one can have an open agenda. It is very difficult for a government to accept extended negotiations in the midst of terrorism. Public opinion neither accepts nor tolerates this. You cannot even consider handing over institutions we have built democratically because of a commitment made with the guerrillas. The nation has to keep the doors open for political solutions and progress in the actions it has implemented by investing more in security, strengthening public forces and surrounding them with respect, earmarking more resources for justice, and investing in social programs. Sooner or later these gentlemen will lose ground, as they have been.

[EL ESPECTADOR] You once said: Welcome to the future. Now what are you going to say?

[Gaviria] Simply good-bye until we meet again.

President-Elect Interviewed on Coming Term

PA0408045994 Santa Fe de Bogota EL ESPECTADOR in Spanish 31 Jul 94 p A-5

["Exclusive" interview with President-elect Ernesto Samper Pizano by EL ESPECTADOR Political Editor Carlos Murcia in Santa Fe de Bogota; date not given; quotation marks as published]

[Text] [Murcia] President Gaviria made his assessment in a farewell interview granted to this newspaper. Do you feel what you will inherit from your predecessor, Gaviria, is good or bad?

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[Samper] President Gaviria's administration brought great progress, undoubtedly, to the country due to the boost it gave to initiatives as important as the internationalization of the Colombian economy, the reform of the Constitution, and the struggle against drug trafficking. Thus, I feel he is leaving a favorable inheritance that I hope to improve in such areas as the improvement of the rural sector, the effort to increase investments, the promotion of jobs, and the achievement of peace."

[Murcia] Your predecessor made a political and economic revolution. Are you truly willing to make a social revolution?

[Samper] We will make the revolution of opportunities for all Colombians, for all the young professionals and the peasants, who have not had a first chance in their lives, so they can work to succeed. The employment policy will be a priority in the next government in order to give new opportunities to the people. We will also increase social investment to levels never before reached in Colombia."

[Murcia] What do you feel now that your dream has come true: becoming president?

[Samper] It is a great joy to be able to do what I always dreamed of for this country, and it is also a big responsibility from the millions of Colombians who trusted me. Colombians can be certain I will work tirelessly, 24 hours a day, to achieve peace, coexistence, and progress for Colombia.

[Murcia] What sort of relations will you have with the United States?

[Samper] We hope to continue our friendly relations with the United States within a framework of cooperation and understanding. We have been able to overcome obstacles in recent days, and the current outlook is excellent for developing fruitful relations in the areas of trade, investment, and the struggle against drug trafficking, always respecting Colombia's autonomy to define its own policies in all topics of national and international interest. Therefore, we have insisted on respect for the country's dignity.

We are pleased the intense diplomatic effort of this week and the visit of several of our ministers to Washington resulted in the rejection of the Helms Amendment once and for all. This amendment was an injustice to Colombia. We must highlight the contribution of the new U.S. ambassador to Colombia in this effort to improve our relations. He is a person with a thorough knowledge of this country who wants to increase our commercial and economic ties."

[Murcia] How about your relations with Fidel Castro, one of the guests to your 7 August inaugural? How will these relations be?

[Samper] Concerning relations with Cuba, they will remain as they are. We will work to strengthen commercial and cultural ties, without neglecting the need to permanently lean toward democratizing the island's regime.

[Murcia] What will be the new peace strategy of the administration over which you will be presiding? Considering the escalation in subversive activity, which seems to be directed toward pressuring the government, do you believe a dialogue with the guerrillas is possible?

[Samper] I have always said we cannot simply reduce ourselves to the issues of repression or dialogue in the search for peace. I will continue to modernize the Armed forces, bolstering its presence in the regions where there is conflict. We will promote policies based on respect for the individual's rights with the approval of the II Geneva Protocol and by increasing the state's social investments in those regions undergoing conflicts. I believe this is fundamental in encouraging employment and development possibilities for farmers.

Concerning a dialogue, the last attacks, unfortunately, move us farther away from any possibility of understanding. I hope they decide to reconsider their mistaken path of violence. We will advance in the direction of a useful dialogue when we are convinced it will lead to peace and not to new frustration.

[Murcia] What will be the plan for future relations between the government and the political groups that support the administration and those that declare their opposition?

[Samper] I will implement a government of consensus for the benefit of all Colombians. I will not have a government that is addressed to a specific group. All those who share the government program I plan to apply as of 7 August will be welcome. I believe opposition is important within the Colombian democratic system, and the groups that adopt this political attitude will be able to count on all the guarantees of the law. Moreover, during this legislature we intend to encourage an opposition statute in Congress in order to legally establish those guarantees.

[Murcia] What role will the vice president play? With what missions will he be entrusted?

[Samper] Dr. Humberto de la Calle will be a key player within the administration and will be assigned crucial responsibilities, such as representing the country abroad during important events in order to explain the government program on decisive issues such as human rights, the struggle against drug trafficking, and environmental protection. Likewise, domestically, he will be responsible for exploring the decentralization process and developing the Constitution. These are issues on which he is considered an expert. Likewise, I have requested him to explain to the entire world Colombia's position on drug trafficking and the need for cooperation from the international community.

The president-elect reiterated new Prosecutor General Alfonso Valdivieso is outstanding, because he is an honest person with a brilliant track record.

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Poll Says 90 Percent Favor Referendum on Drug Consumption

PA0208123594 Santa Fe de Bogota EL ESPECTADOR in Spanish 29 Jul 94 pp A-1, A-9

[Report by Julia Navarrete]

[Text] Ninety percent of the people polled in eight cities of the country said they feel the government should hold a referendum to decide whether drug consumption in personal doses should be penalized, while 80 percent said they would vote in favor.

The poll clearly indicated Colombians understand the need to confront consumption, prevent and suppress it, and provide treatment for addicts.

The poll, contracted by the National Drug Directorate, was carried out by the National Consulting Center between 27 June and 2 July after the Constitutional Court decriminalized the consumption of personal doses of marijuana, cocaine, and other psychotropic substances.

The poll was conducted among 1,456 people over 18 via personal interviews in their homes in Santa Fe de Bogota, Medellin, Cali, Barranquilla, Bucaramanga, Pereira, Cartagena, and Popayan. The poll has a 2.6 percent margin of error.

The people polled answered questions about their knowledge of decriminalization of personal doses and why this decision was taken, about the consumer, and about the referendum.

According to the poll, nearly three-fourths of those polled said they knew the consumption of personal doses of drugs had been decriminalized. More men than women (79 percent versus 67 percent) knew about this issue, and most of them were over 25 years of age.

Out of the 73 percent who said they knew about the decriminalization of personal doses, only 44 percent knew the reasons for this measure; however, while 29 percent said they were not aware of the reasons.

The poll indicated 85 percent of those polled said drug consumption in personal doses should be prohibited in all cases, 11 percent said in certain cases, and only 3 percent said it should be legal in all cases. This last opinion is shared more by people between 18 and 35 and includes more men than women.

Meanwhile, 80 percent of those polled answered they would vote for the penalization of consumption. The group that would participate more in the referendum consists of people between 35 and 45.

Sixty-one percent feel all people should have a right to freely choose whether they consume drugs, while 37 percent feel the opposite. Answering the question of whether decriminalizing the consumption of personal doses limited or favored the development of a person's personality, 57 percent said it was a limiting factor, 18 percent favored it, and 23 percent said it made not difference.

Government Eliminates Post of Overseer of Treasury

PA0308181694 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 1 Aug 94

[From the "National Newscast"]

[Text] The Treasury has been left without an overseer. The job of the polemical Jorge Garcia Hurtado was terminated today. Nevertheless, he is seeking support for his proposal that the Overseer of the Treasury become a permanent watchdog office. For the time being the office will operate for one more month, but without a boss.

For Jorge Garcia Hurtado, the sad end of the Overseer of the Treasury's office is applauded by many, but not precisely because of its achievements.

[Begin Garcia recording] The Overseer's Office has been a hindrance because it is an organization that exerts control without fear. Have no doubt—not even the executive branch or the legislative branch are friends of the Overseer's Office. [end recording]

With the closure of the Overseer of the Treasury's office, according to Garcia, state funds will float adrift, without control.

[Begin Garcia recording] Ask the recently elected comptroller general if he is capable of freezing, from now until his term ends, a single peso belonging to the national treasury. Funds are deviated to meet electoral needs, and he does not have the power to... [end recording, in progress]

Garcia Hurtado will now seek support to turn the Overseer of the Treasury's office into a permanent fixture.

[Begin Garcia recording] If I receive the support of the entire country to add the Overseer of the Treasury's office to the Constitution, I would lead the movement. [end recording]

For the time being, the 146 officials who work for the Overseer of the Treasury's office throughout the country, will continue their work, but without a boss. The office will close on 6 September.

During his three years at the helm, the overseer did not hesitate to freeze all funds that he considered to be in danger. Even though Garcia Hurtado is leaving, too many funds remain frozen.

Since he took office three years ago, the overseer froze scholarships administered by ICETEX [Colombian Institute for Educational Loans and Technical Training Abroad], state funds earmarked for Colfuturo, funds belonging to department and municipalities, radio or television publicity spots, and even funds from abroad

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for natural disasters. To his way of thinking, these are funds that were about to be lost.

[Begin Garcia recording] I have not had a single resolution repealed; only a few were suspended. And while the resolution was suspended the public spending was executed, and in the end, such as in the case of the ICETEX scholarships, the resolution was left intact. [end recording]

It is estimated that approximately 1 trillion pesos were frozen. The largest amount frozen was 94 billion pesos in the general budget earmarked for regional works. Frozen, just in 1994, were 184 million pesos of the Granada-Meta budget, more than 2 billion pesos of the Pasto budget, 245 million pesos of the Antioquia departmental assembly, more than 3 billion pesos belonging to Huila Department, and 900 million pesos of the Pereira budget.

The truth of the matter is that whatever is frozen will remain frozen. But more than 50 cases where the funds were at risk will remain in escrow because the investigations were not completed.

Ecuador

Military Agrees To Heighten Cooperation With Colombia

PA2907200094 Quito Voz de Los Andes in Spanish 2300 GMT 28 Jul 94

[From "The Voz Andes Newscast"]

[Text] Colombia and Ecuador have agreed to increase cooperation along the border between the armies of the two nations following a recent guerrilla offensive that left 175 people dead. This decision was made during a visit by Colombian Defense Minister Rafael Pardo Rueda, who met today with his counterpart Jose Gallardo Roman.

Report Says National Police Experiencing Legal, Institutional 'Crisis'

PA3107144894 Quito Voz de los Andes in Spanish 2300 GMT 29 Jul 94

[From "The Voz Andes Newscast"]

[Text] The congressional Social and Labor Commission has formally presented its report on the National Police. Congressman Antonio Rodriguez stressed that the National Police are experiencing a legal and institutional crisis, adding that blame for this does not lie solely with the former general commander, but with the entire Higher Council.

[Begin Rodriguez recording] The executive branch, at least until a full review is conducted on the legal and institutional organization of the National Police, should establish regulations and set up relevant organizations in accordance with the 1975 law. The second conclusion, which is very important for us, is the need for the executive and legislative branches to study and examine the current legal situation of the police. These branches should not only prepare bills that will allow the National Police to function legally, but they also should update existing laws. [end recording]

Rodriguez advised that police courts should employ individuals whose morals have been truly tested and should not be subordinate to generals, majors, or commanders, because such subordination fosters unfair and unreliable justice. In conclusion, Rodriguez said policemen should be prosecuted in common courts instead of police courts.

Febres Cordero Chides Government on Referendum

94SM0410A Quito HOY in Spanish 18 Jun 94 p 6A

[Text] Guayaquil—The mayor of Guayaquil, Leon Febres Cordero, has stated that "the image the people in other parts of the world have of this country is a pitiful one, because its government is headed by a little old man who is good for nothing."

This statement by the former president was followed by criticism of the government for having created a tremendous mess, a veritable tangle, when the executive branch sought authorization for a popular consultation. "This is a right enjoyed by the executive branch, but it must be governed by the provisions set forth in the law," Febres Cordero noted.

He emphasized that a head of state has a legitimate right to have recourse to consultation with the people, the source of democratic power, to settle the questions posed to them.

However, he noted, in any organized society, this presidential right is governed by the Constitution and electoral law. "Unfortunately, this government, for what purposes I do not know, is distorting the popular referendum concept by purposely lapsing into tremendous errors, in both form and substance," he said.

Concerning the errors in form, he said that the Law on Elections is clear. It says that the president of the Republic must ask the Supreme Electoral Board (TSE) to convoke a referendum. "In this case, the TSE was not asked to do anything, but was bypassed, and a direct convocation was issued," he said.

He turned to a second aspect, where form is concerned. "What right does the executive branch have to regulate the Law on Elections? It cannot do that. The Law on Elections says that its regulations must be drafted by the TSE and submitted to the president of the Republic for his approval. In this instance the TSE has not had anything to say, and the executive branch has by and of itself changed the regulations, once again violating the form of the law," the mayor of Guayaquil stated.

As to the errors of substance, Febres Cordero pointed out that the president is free to call for a popular referendum, but only when one basic condition has been met. He

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must submit a draft of the proposed constitutional amendments to the Congress, "and if the parliament has not dealt with it within the peremptory period, he can then proceed with a referendum."

In this connection, the former president said that something lay behind all of this. He posed a question. What is the reason for this subtle invention of a constitutional assembly, a configuration that is not to be found in Ecuadoran constitutional law, in place of a constituent assembly?

After noting that he agrees with former Presidents Hurtado and Borja on this matter, Febres Cordero said that the government apparently fears that holding a constituent assembly, which has no set limit, would cut short its term of office and bring it to an end, whereas a constitutional assembly, since it does have set limits, would not do that.

In view of all of this, the former president says that what the government has done is to create a horrible mess in the country, because it once again puts the executive branch into conflict with the other branches and the people. "And none of this is made clear in the image of our country as it is seen in other parts of the world. Thus the impression is that ours is a country headed by a little old man who is good for nothing."

In this connection, he expressed skepticism about what the TSE will decide, in other words whether it will send an opinion to the Congress on the issue of convoking a constitutional assembly. "All of this will become a terrible mess, I can guarantee you. No one is going to understand it after a few weeks have passed, and there will be no positive result because there will be no referendum. And the people will have been deprived of the exercise of their legitimate right to say yes or no to certain questions."

Moral Stature

Febres Cordero challenged the moral authority of the vice president of the Republic, Alberto Dahik, in commenting on his suggestion that the former presidents join hands as an indication that an understanding among the former government leaders is possible in view of the crisis in the country.

"I believe that Dahik is the person in this country least qualified to dictate ethical norms or procedures, and that he enjoys neither the moral nor the political stature needed to question the decisions the former presidents may have made as to their relationship. He is the least qualified person in this country," he emphasized.

Social Security Restructuring Outlined

94SM0410B Guayaquil EL UNIVERSO in Spanish 2 Jul 94 p 1

[Text] Quito—The proposed reorganization of the Ecuadoran Social Security Institute (IESS) has been analyzed by the members of the governing board of that body. They approved a reduction in personnel, the elimination of certain departments, and collective bargaining.

The reorganization of the IESS, which is being urged by Minister of Social Welfare Alberto Cardenas, would save about 20.7 billion sucres annually as a result of the elimination of 137 administrative units and 2,000 employees regulated by the Labor Code. The proposal also calls for the elimination of Region 1.

The minister of social welfare says that it is essential to amend Resolution 794, because it does not respond to the real needs and requirements of the institute. This resolution deals with the organic structure of the body.

"We are proposing a new structure that will require the elimination of 137 administrative units nationally, on various levels, with a resulting saving in terms of institutional resources. Where only the jobs governed by the Civil Service and Administrative Careers Law are concerned, the saving would come to about 20.7 billion sucres annually."

The elimination of these positions would make it necessary to pay the indemnification provided for in the budget law for the public sector. This would cost an estimated 3 billion sucres, a sum that would be recovered in a single year, the minister of social welfare noted in the reorganization proposal analyzed by the board.

Elimination of Region 1

There is no need for the existence of Region 1 since the General Headquarters of the IESS is located in Quito, and so there is a duplication of functions. "At a glance one can see the unjustified and damaging duplication and interference in the departments and functional operations. It is a known fact that the central office could perfectly well and should take over the work of the Region 1 office, as in fact we suggest in our proposal."

The elimination of some of the tasks of the institution, such as the granting of mortgage loans and the construction of housing, will make the present credit and engineering structure unnecessary, the minister explained.

Jobs Eliminated

As a result of the new organization, it is estimated that the services of approximately 2,000 employees subject to the Labor Code will become unnecessary. Elimination of these jobs will lead to an estimated annual saving of 18 billion sucres, without taking into account the possibility that some administrative and hospital services will be provided by private enterprise on a contract basis.

The institute will have to establish a system of compensation for the workers dismissed, in view of the current labor relations and the norms and regulations governing collective bargaining.

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Paraguay

Wasmosy Presides at Cabinet Session on Mercosur

PY0308162494 Asuncion ABC COLOR in Spanish 3 Aug 94 p 16

[Text] President Juan Carlos Wasmosy last night presided over a cabinet meeting to discuss the results of the Mercosur [Common Market of the South] foreign and economy (or their equivalents) ministers meeting in Buenos Aires on 1 August. The ministers meeting in Buenos Aires adopted important "political decision" to overcome the hurdles to implementation of the free trade zone and customs union as of 1 January 1995.

Nearly all executive branch ministers, legislators, and entrepreneurs attended the meeting at Lopez Palace [Government House]. "We discussed what happened in Buenos Aires and the president received suggestions for the 5 August summit," said Industry Minister Scavone, who acted as the single spokesman for the meeting.

Scavone said that the four Mercosur partners reached an agreement to implement the free trade zone and customs union, that is, a market without tariff barriers and without nontariff restrictions for trade between Mercosur partners and a common external tariff for all imports from other countries, as of 1 January 1995.

The common external tariff, however, will offer Asuncion Treaty member countries the possibility of a list of exceptions of up to 300 products which, due to their sensitivity and economic impact in their respective countries, will only gradually be incorporated into the common external tariff by the year 2001, in a first stage, and by the year 2006, in the following stage. In that year the customs union will be total and the four countries will have a single common external tariff.

Scavone said that Paraguay obtained benefits in the negotiation because its Mercosur partners recognized the need to reconvert Paraguayan industries. The country was granted a longer list of exceptions in exchange for the elimination of objections we had on over 3,000 products. Our requests depended on a gesture of solidarity from the other partners.

"We were given 45 days to present the list of exceptions that basically refer to essential raw materials," Scavone said.

The minister recalled that the common external tariff for capital goods was set at 14 percent, adding that such a tariff level will not be fully in effect until the year 2006. Our country imposes low tariffs on capital goods and will start raising it in 1995 starting with 1.4 percent. This tariff will be increased every year until it reaches 14 percent.

Another important victory, resulting from our firm negotiating position, affects the norm on origin certificates. It was accepted that for a product to be recognized as domestic, 50 percent of its components must be domestically produced. Brazil and Argentina accepted the proportion of 60 percent to 40 percent for domestic and foreign components, respectively.

Foreign Minister Calls Cavallo's Remark on Mercosur 'Very Hasty'

PY0308201394 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 1600 GMT 3 Aug 94

[Text] Brazil and Argentina are threatening to establish the customs union of the Common Market of the South [Mercosur] in 1995 without the participation of Uruguay and Paraguay, the two other partners in the regional integration project.

The Paraguayan Foreign Ministry reacted immediately to this report from Buenos Aires.

Foreign Minister Luis Maria Ramirez Boettner characterized Economy Minister Domingo Cavallo's remarks as very hasty. Cavallo said Argentina and Brazil are the essence of Mercosur. The Paraguayan foreign minister said the Asuncion Treaty established equal conditions for the four countries—beyond the individual power each may have, adding that all resolutions must be made by consensus.

[Begin recording] [Ramirez Boettner] The Asuncion Treaty states very clearly that there are four Mercosur member countries. This is beyond doubt. It is also true that each country may decide whether it will join the system. The commitment made through the Asuncion Treaty indicates that there are four Mercosur member countries and this is the way we will continue.

[Unidentified reporter] Is there any possibility of Paraguay withdrawing from the treaty?

[Ramirez Boettner] Not at all. We have very clearly said during the meetings in Buenos Aires that we are committed to the Mercosur, we are interested in Mercosur, and we will continue to negotiate.

[Reporter] Is it possible that the Argentine minister reacted to Paraguay's firm position in those negotiations?

[Ramirez Boettner] No. I think they were just very hasty remarks. [end recording]

Peru

Foreign Ministry: Force Will Increase Suffering in Haiti

PY0308141294 Madrid EFE in Spanish 0349 GMT 3 Aug 94

[Text] Lima, 2 Aug (EFE)—In view of the resolution authorizing an invasion of Haiti, the Peruvian Government stated today that in Haiti's case, all peaceful means encompassed in international organizations' resolutions have not been exhausted.

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In a communique issued today in Lima, the Peruvian Foreign Ministry states that Peru believes the use of force will increase the suffering of the Haitian people.

After stating that UN Resolution 940 is part of a UN and OAS process to restore democracy and the legitimate Haitian government, the communique adds that the use of force is not compatible with "traditional hemispheric jurisprudence, which upholds noninterference in the affairs of other countries."

The communique states that the current situation "imperiously" calls for the reinforcement of the Governors' Island agreements, including the direct negotiations of the parties involved.

The communique states that Peru reasserts its "firm conviction" that the legitimate government and the state of rights must be restored in Haiti. It also condemns the "intransigence" of the "de facto" Haitian regime relative to responding to the international community's appeals to resolve the crisis peacefully.

The communique also states that Peru will assess its participation in nonmilitary multilateral actions after the legitimate Haitian government is restored and in response to requests submitted by Haitian authorities, the United Nations and the OAS.

Foreign Minister Supports Venezuelan Proposal on Haiti

PY0308193694 Lima Radio Programas del Peru Network in Spanish 1800 GMT 3 Aug 94

[Text] Peruvian Foreign Minister Efrain Goldenberg has voiced his support for the Venezuelan proposal to establish a diplomatic delegation to find a solution to the Haitian problem. He reiterated the need to resort to all peaceful means to restore democracy in Haiti.

Stand on Nonintervention in Haiti Reaffirmed

PY0408024394 Lima Global de Television Network in Spanish 0130 GMT 4 Aug 94

[Text] Foreign Minister Efrain Goldenberg has reaffirmed the Peruvian position of respect for the principle of nonintervention in the domestic affairs of other countries. To the contrary, he said that Peru would send humanitarian aid to Haiti once the internal situation is solved.

[Begin Goldenberg recording] We want to reaffirm the traditional Peruvian and Latin American position on nonintervention in the domestic affairs of other countries. We are against any military intervention, and we undoubtedly respect the agreements reached by the international organizations such as the United Nations or the Organization of the American States, but we feel that all peaceful means must be adopted to restore the state of law and the democratic and civilian government in a country such as Haiti, which has for so long been suffering a dictatorship.

We are even considering the possibility of cooperating with Haiti by sending symbolic and humanitarian aid, but of a civilian nature, once the internal situation is solved, to improve the situation in that country. [end recording]

Electoral Board, OAS Sign Technical Accord

PY0408004194 Lima EXPRESO in Spanish 22 Jul 94 p A6

[Text] The OAS and the National Election Board (JNE) yesterday signed a technical cooperation agreement amounting to $1 million to be financed by the OAS and designed to contribute to the development of the upcoming electoral process.

The agreement, which provides for the execution of five projects within five months, starting immediately, was signed by JNE President Ricardo Nugent and OAS representative Mario Gonzales.

The projects are for training JNE officials, purging lists of constituents, the expeditious and accurate dissemination of the election results, Peruvian electoral jurisprudence, and the institutional strengthening of electoral bodies.

Gonzales disclosed that working meetings between OAS and JNE representatives will start today, with the purpose of assessing and determining what will be the best way of executing the program.

He also explained that the $1 million to finance the project is the result of an agreement between the U.S. Government and the OAS, of which it is a member.

The OAS representative also said he had asked the Peruvian Government for the text of the electoral law approved by Congress in order to study and become acquainted with it.

As for the foreign observers who will come to watch the electoral process, he explained that it has still not been determined what degree of participation they will have.

"We are still engaged in technical issues. No decision has yet been made regarding the presence of observers, and in any case we must remember that they are here to observe and not to supervise."

Nugent, in turn, voiced his satisfaction over the agreement, and said that it would contribute decidedly to next year's elections.

Venezuela

Foreign Minister on Delegation to Haiti, Repudiates Invasion

PA0408020194 Caracas ECONOMIA HOY in Spanish 3 Aug 94 p 3

[Text] Foreign Minister Miguel Angel Burelli Rivas has announced at the Miraflores presidential building that

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the delegates who flew to Haiti to try to persuade the Haitian military leaders of the danger posed by an invasion of their country were scheduled to land yesterday but that the success of the mission does not depend on the delegates.

Burelli, who held the members of the de facto government responsible for their country's situation, has said this goodwill mission was proposed by Venezuela so that dialogue and negotiation can prevail for restoring democracy in Haiti.

He also has said if the Haitian military leaders allow the plane with the peace delegates to land, the only point that would remain to be set is the time for the talks to begin. Due to former Argentine Foreign Minister Dante Caputo's role as OAS commissioner for the Haitian crisis, he will surely be selected as the intermediary between the delegation and the Haitian rulers, he added.

Burelli has said he has no doubts the OAS will make a pronouncement condemning any military intervention in Haiti.

He reaffirmed Venezuela's position of repudiating an invasion, arguing this is a violent action that contradicts peace and principles of nonintervention. "An invasion would be very dangerous for our continent," he added.

In conclusion, he has said that the Haitian drama is much deeper than it looks and that America has neglected this population, which is its own, that hunger and illiteracy are not resolved and dashed hopes are not restored by invading Haiti, and that he reported this position to the assistant secretary of state during his recent visit to Venezuela.

Foreign Ministry Signs Cooperation Agreements With Brazil

PA0308003394 Caracas EL UNIVERSAL in Spanish 30 Jul 94 Section 1 p 12

[Text] All indications are that efforts by the Venezuelan and Brazilian Governments to find joint solutions to common problems are yielding results. Brazilian Foreign Minister Celso Amorim's visit to our country resulted in the signing of at least six documents by the Venezuelan and Brazilian foreign ministers.

During a news conference held yesterday at the Foreign Ministry, Venezuelan Foreign Minister Miguel Angel Burelli Rivas referred to Brazil as "the great sister nation." Burelli's counterpart, Celso Amorim, said the efforts made by the Venezuelan and Brazilian commissions and working groups "show the strong political will to give continuity" to plans agreed on by President Rafael Caldera and President Itamar Franco in La Guzmania five months ago.

Six documents were signed yesterday. The first and most important was the Economic Complementation Agreement. The second was the Protocol on Preferential Tariffs. The third was the Memorandum of Understanding between the Venezuelan and Brazilian Foreign Ministries regarding cooperation in training diplomatic personnel, an agreement authorizing the dependents of officials assigned to the diplomatic and consular missions of the two countries to accept paid jobs. The fourth was the Minutes on the Second Meeting of the High-Level Binational Commission [Coban]. The fifth was the Agenda on Multilateral Issues of Common Interest discussed during the second Coban meeting. The last was a joint press communique.

The Memorandum of Understanding establishes the exchange of information on curricula, courses, seminars, workshops, and other academic activities conducted by the "Pedro Gual" Institute of Advanced Diplomatic Studies in Venezuela and the Rio Branco Institute in Brazil. This document stipulates the exchange of teachers, specialists, students, and the implementation of any other training-related activities.

The two governments also agreed to authorize the dependents of officials accredited in the other country as members of a diplomatic mission, a consulate, or a permanent delegation or representation before an international organization to accept paid jobs in the receiving country.

Foreign ministers Amorim and Burelli Rivas signed the minutes on the Second Meeting of Coban, which is part of the new framework of cooperation and integration to fulfill the two countries' development potential. The minutes establish the need to identify "new cooperation programs and create a new schedule of activities for the working groups." It also emphasizes that the Brazilian Foreign Ministry gave further details regarding the measures the Brazilian Government is adopting to help eradicate illegal mining activities.

The agenda on multilateral issues of common interest stresses that the foreign ministers "view Latin American integration as a fundamental goal of their foreign policies and seek a growing agreement among the subregional integration processes within the framework of ALADI [Latin American Integration Association]. The document also says that Brazil and Venezuela agree that Cuba should strengthen its reform process and achieve its readmittance into the Latin American community and the OAS. [no closing quotation marks as published]

As for the Amazonian Cooperation Treaty, the parties pledged "to work to strengthen the agreement," while Brazil reiterated its offer to be the headquarters of the Amazonian Cooperation Treaty permanent secretariat.

The two foreign ministers reviewed recent works by the Rio Group and agreed to maintain a permanent dialogue on topics on the agenda of the hemispheric summit convened by U.S. President Bill Clinton. In that regard, Burelli Rivas insisted that international legislation should be drafted to fight corruption.

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Foreign Ministry Says Relations With Iran 'Absolutely Normal'

PA0308042794 Caracas EL UNIVERSAL in Spanish 2 Aug 94 pp 1, 12

[Text] An official Foreign Ministry communique states bilateral and multilateral relations with Iran in OPEC or any other international organizations are absolutely normal.

The document states the visit by the head of the Iranian delegation to the United Nations is scheduled to take place "as a gesture of friendship that precedes Venezuelan-Iranian diplomatic exchange."

This newspaper published an exclusive report on 30 July stating the Foreign Ministry would no longer allow any other Iranian diplomatic representative other than the ambassador appointed by the Teheran government. Nevertheless, it would seem this decision was reversed sometime last week.

The information the Foreign Ministry disclosed yesterday indicates the newspaper version "is unofficial." Nevertheless, a high-ranking Foreign Ministry source provided the details included in the reported.

It was also learned the Teheran government forwarded four requests for diplomatic accreditation for evaluation and approval by the executive branch.

Minister Accuses COPEI Members of 'Coupist Intentions'

PA0308191894 Caracas EL NUEVO PAIS in Spanish 1 Aug 94 p 5

[All quotation marks as published]

[Text] "There are individuals within COPEI, the Social Christian Party, who have coupist intentions and who are involved in a coup attempt."

Decentralization Minister Jose Guillermo Andueza made this remark yesterday in the program hosted by lawyer and journalist Jose Vicente Rangel on Channel 10.

Reacting to this remark, Rangel asked his guest about this topic again. Andueza replied: "COPEI is a disoriented party that serves the interests of those affected by the measures adopted by the government. COPEI's position contrasts with that of AD [Democratic Action Party], which demonstrated that it is a party with a sense of power when it announced its willingness to accept the government measures. COPEI seems to lack a sense of direction, it has no compass."

Later on, Andueza said that COPEI members have been playing two cards since last year: the electoral card and the coup card. They were involved with military sectors in the 3 December coup attempt, two days prior to the elections. It must be recalled that Jose Vicente Rangel had been systematically reporting a coup attempt that was reportedly set for 3 December and which was to include the participation of the then Defense Minister, Vice Admiral Radames Munoz Leon. This was denied many times, but was also affirmed many times.

"Former President Ramon J. Velasquez," Andueza noted, "was desperate in the face of the 'true' possibility of the preparation for the 3 December coup; fortunately, it was stopped in time. Velasquez reported it to the political organizations and the candidates; COPEI's candidate already knew about it, and since it was uncovered, they did not stage the coup.

Rangel said that Andueza's statement is very grave and that, consequently, the government should officially comment on it.

Bank Chairman Defends PDVSA's Handling of Reserve Funds

PA0308201294 Caracas Union Radio Network in Spanish 1100 GMT 3 Aug 94

[From "Union Radio News" newscast]

[Text] Yesterday Venezuelan Central Bank President Antonio Casas responded to Ivan Pulido Mora, chairman of the Exchange Commission, saying that PDVSA [Venezuelan Petroleum] has done nothing illegal by maintaining its reserve fund at $300 million, adding that that is part of PDVSA's financial autonomy.

Therefore, Casas joins Finance Minister Julio Sosa and members of the Energy and Mines Ministry who say that PDVSA has made no mistakes.

In fact, PDVSA ranks 11th in the latest rating of the most effective enterprises worldwide. We are happy over that because there are few good things that happen in this country.

Well, I do not know who will be right in the end. Experts say that PDVSA won this round, this match, and are speaking badly of Decentralization Minister Jose Guillermo Andueza.

Minister Sosa said that bad judgment by some government officials has caused and is causing problems for the already difficult economic situation in Venezuela.

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